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Cuba

Helms-Burton Bill Scheduled for U.S. Congressional Debate

FL1107210295 Havana Cuba Vision Network in Spanish 1630 GMT 11 Jul 95

[From the "NTV" newscast]

[FBIS Translated Text] Today, the Helms-Burton Bill will again be debated in the U.S. Congress. The bill, directed against Cuba, seeks to achieve what the U.S. blockade has been unable to achieve in 30 years: destroy the Revolution.

The Cuban people have tried to construct a fair, humane society. This has not been achieved in all areas, but it has undoubtedly given a new sense of dignity to their lives, a phenomenon that is recognized internationally. All Cubans understand the bill's objectives, a result of the U.S. Extreme Right's predominance in imposing itself. The approval of this bill would further distance the two countries. It is not a matter of implementing one change in Cuba today, and another tomorrow. The truth is that those forces want only to recolonize Cuba.

Whether the bill is approved in Washington this afternoon or not, good Cubans feel offended by the fact that the future of our country is being discussed outside Cuba.

U.S. House Committee Approves Helms-Burton Bill

PA1207010695 Havana PRENSA LATINA in Spanish 2302 GMT 11 Jul 95

[FBIS Translated Text] Washington, 11 Jul (PL) — The Foreign Affairs Committee of the lower house in the U.S. Congress today approved a bill designed to intensify the economic blockade against Cuba — a policy the United Nations has condemned the past three years in a row.

During an intense debate in this congressional body, 17 amendments were presented to the so-called Helms-Burton bill, inlcuding one by Representative Lee Hamilton, for whom the provisions in this legislative blunder are inconsistent.

Among other things, Hamilton pointed to the bill's demands for compensation for properties nationalized after the triumph of the Cuban revolution in 1959.

A U.S. Government commission ruled in 1972 on the amount of claims by U.S. companies and citizens — indemnizations that Cuba does not refuse to negotiate — but the Helms-Burton bill now opens the possibility of filing claims to Cubans residing in the United States since 1959.

Hamilton said this is unprecedented in U.S. history, and he added that such a provision, as well as the refusal to grant visas to foreigners for trading or investing in Cuba, will "create more problems than can be resolved and could prompt other countries to adopt retaliatory measures against the United States."

Today, in fact, more members of the World Trade Organization (WTO) deemed it necessary to send a "serious warning" to Washington, noting that the draft bill promoted by Congressmen Jesse Helms and Dan Burton violates international trade rules.

The EU; Mexico, a partner of the United States and Canada in NAFTA; and Colombia expressed their concern about the anti-Cuban draft bill.

The measure drafted by Senator Helms and Representative Burton is designed to intensify the blockade that has been in effect for more than 30 years by prohibiting exports to the United States of products containing Cuban sugar, molasses, and syrup.

Also, among other sanctions, it would deny U.S. entry visas to individuals who, privately or through their businesses, engage in commerce with the island.

The EU warned the William Clinton administration that it will take the case to the WTO Council to protect its rights if the draft bill is approved.

Canada, the United Kingdom, and more than 100 other countries have also expressed their opposition to the proposed legislation. Representative Samuel Gegjenson, in addressing the Foreign Affairs Committee today, said, "if adopted, this will complicate our lives."

The last three sessions of the UN General Assembly lashed out against the economic blockade against Cuba and demanded its elimination, with an ever-increasing number of countries opposed to this hostile policy.

In 1992, 59 countries approved a resolution condemning the blockade. This number increased to 88 in 1993, and to 101 in 1994, when only the United States and Israel opposed the motion, the latter of which permits trade with Cuba.

Countries from four continents trade with Cuba today. Cuba is open to foreign capital, and a significant number of U.S. business sectors believe the blockade is preventing them from taking advantage of investment opportunities on the nearby Caribbean island. Among others, Spanish, British, German, Mexican, Canadian, and Italian businessmen currently enjoy these benefits.

Despite a 28-9 favorable vote in the House Foreign Affairs Committee, supporters of the Helms-Burton bill were unable to send their proposal directly to the House

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floor, because the House Rules Committee [Reglas y Arbitrios] claimed jurisdiction in the matter.

This means the debate over the anti-Cuban proposal could drag on at least until September and perhaps longer, because none of the Senate committees have examined or approved the bill.

Foreign Ministry Decries Vote

PA1207012495 Havana PRENSA LATINA in Spanish 0044 GMT 12 Jul 95

[FBIS Translated Text] Havana, 11 Jul (PL) — The Cuban Foreign Ministry today commented on the approval of the anti-Cuban Helms-Burton bill by the U.S. House of Representatives Foreign Affairs Committee, denouncing it as meddling in Cuba's internal affairs.

"The revolution and the Cuban people will continue to march forward, with or without the Helms-Burton bill," Rafael Dausa, chief of the Analysis Department of the Foreign Ministry, said when asked about the topic on national radio.

Today, the U.S. House of Representatives committee approved, on a 28-9 vote, a draft bill designed to strengthen the economic blockade imposed against Cuba — a policy condemned by the United Nations over the past few years.

Obviously, forces that oppose the Cuban nation are moving in the Congress, attempting to further erode the climate of relations between Cuba and the United States and to make bilateral problems unresolvable, Dausa stated.

The Helms-Burton draft bill stipulates, among other things, that visas will be denied to foreigners who negotiate or invest in Cuba, and it calls for the establishment of a sort of commonwealth in the event that the revolutionary government collapses.

Many countries throughout the world have come out to oppose a bolstering of the blockade, and even some business sectors in the United States feel the sanctions prevent them from taking advantage of the investment opportunities enjoyed by businessmen from a number of other countries.

Commentary Warns U.S. Against Applying 'Meddling' Laws

PA1207025395 Havana Radio Havana Cuba in Spanish 0000 GMT 12 Jul 95

["Station commentary" by Norberto Hernandez; from the "Evening Information Review" newscast]

[FBIS Translated Text] Let the enemies of Cuba not be mistaken. In the partial elections that were held recently in Cuba, we Cubans opted to tangibly support the revolution, our President Fidel Castro, and the work and accomplishments achieved over the 35 years he has led the nation. In these elections, which were held amid impressive calm, order, and discipline, approximately 30,000 delegates of the people's government were chosen. The municipal posts could well be compared to posts of councilmen in other countries, where so-called representative democracy prevails, but much more was at stake here.

With this in mind, let us reflect a bit. In Cuba, voting is a right, not an obligation. Therefore, one of the ways to oppose the current government system and socioeconomic structure could have been a boycott of the polls. However, some 7.5 million of the more than 7.7 million registered voters in the country exercised their right to vote. That is 97 percent of the voters. There is not a single country in the world that has obtained such a large turnout at the polls. More than the fulfillment of a civic duty, as is the case in other countries, this has been an obvious, visible, and undeniable demonstration of support for the ruling party and for socialism. Our ruling party and our socialism, with all of the faults they may have, have done more for the Cuban people than any of the parties, governments, leaders, presidents, ministers, senators, or representatives who were in office before the revolution.

Another way of voting against the revolution would have been to invalidate ballots or to leave them blank. This did happen, but not a lot, as displayed in the negligible percentage reflected in the final figures. Therefore, those opposed to the revolution lost in a smashing and humiliating manner.

Lawmakers Helms and Burton; the right-wing mafia of Miami; and those who have sold out their fatherland, who have renounced the nation's dignity, and whose elastic backbones permit them to be servilely reverent to their hallowed masters, can see how the overwhelming majority of Cubans think — people who are working and struggling to save their country from subordination and oppression; to be free, independent, and sovereign; to build and govern the country in accordance with their will and not the dictates of Yankee imperialism.

Indeed, we have faults and make mistakes. We have been wrong in the tactics we have chosen, and, in fact, we have even erred in our strategy. Nevertheless, we are not wrong and will not err in politics, in the principled direction of our interests, and in defending the faith bequeathed to us by our dignified forebears.

U.S. congressmen can approve all of the meddling and colonialist laws they want. The problem will come in applying them within Cuba, which is where they will

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really have an effect. Honestly, we do not advise them to attempt to do so. As has been reiterated on various occasions by the revolutionary government of Cuba, which demonstrated on Sunday, 9 July, that it has the mass support of its people, we are willing to discuss on equal footing with the U.S. Government the topic of bilateral relations — relations that must be as normal as those that exist between any two sovereign states. This is the will of Cuba.

Mexican Network Broadcasts Clinton Vietnam Announcement

FL1207010695 Havana Radio Rebelde Network in Spanish 2300 GMT 11 Jul 95

[From the "Exclusive" program]

[FBIS Translated Text] We now go to correspondent Virginia Maria Piniero at Caribe Intercosmos.

[Piniero] At this time, the Mexican network, Eco, is broadcasting a clip of U.S. President Bill Clinton's announcement of the reestablishment of relations between the United States and Vietnam.

[Begin recording] [Clinton, in English with passage by passage translation into Spanish] [applause] Since the beginning of this administration, any improvement in relations between the United States and Vietnam has been dependent upon making progress on the issue of Americans missing in action or held as prisoners of war. Last year I lifted the trade embargo on Vietnam in response to their cooperation, and to enhance our efforts to secure the remains of lost Americans and to determine the fate of those whose remains had not been found. It has worked. [end recording]

The president stated that many families have been able to secure the remains of those who fell in the drastic war in which it is said that some 58,000 U.S. soldiers were killed.

[Begin recording] [Clinton, in English with passage by passage translation into Spanish] And we can honor those who fought for freedom's sake. [end recording]

U.S. Move To Normalize Ties With SRV Reported

PA1207040295 Havana PRENSA LATINA in Spanish 1855 GMT 11 Jul 95

[FBIS Translated Text] Washington, 11 Jul (PL) — "The time has come to heal the wounds. It is a time to move on," U.S. President William Clinton said today while announcing at the White House the normalization of relations with Vietnam.

At a ceremony at the presidential mansion attended by congressmen and war veterans, Clinton said his government will promote economic ties with the Asian country in accordance with U.S. interests and rules.

"Now we can continue to march together on common ground," said the U.S. President, who believes this decision will benefit both countries.

He noted that U.S. Secretary of State Warren Christopher will travel to Hanoi in August to review some aspects of establishing official ties and that another delegation will follow in his steps at the end of the year.

The normalization of ties occurs 20 years after the fall of Saigon (former capital of South Vietnam), which signified a military defeat for Washington and left U.S. society gripped by the trauma of the Vietnam syndrome.

Approximately 58,000 U.S. and 3.5 million Vietnamese troops were killed in the war.

Washington began air strikes over the northern part of that country, which was divided in 1964, in support of the South Vietnamese regime based in Saigon — today Ho Chi Minh City — and one year later sent in its first combat troops.

After nine years of war, the United States agreed to sign a peace agreement with Vietnam in Paris on 27 January 1973, although it maintained military support to the southern part of the country. On 30 April 1975, Saigon fell in the face of a drive by the South [as received] Vietnamese liberation forces.

Aside from its defeat, the war cost Washington international repudiation, as well as the repudiation of its own public.

Following the victory over the foreign invaders and the Saigon regime, Vietnam was reunited, and the U.S. Government extended the economic embargo imposed on Hanoi in 1964 to the entire Asian state.

In February 1994, Clinton lifted the sanctions with the approval of the U.S. Congress and the satisfaction of corporations and businessmen.

Clarification of questions surrounding U.S. troops missing in action served as political argument for adopting that measure of great economic and commercial significance.

Report on Juragua Nuclear Plant

FL1107185295 Havana Radio Progreso Network in Spanish 2200 GMT 10 Jul 95

[FBIS Translated Text] A feasibility study to determine the total cost of completing Unit No. One at the Juragua nuclear power plant in Cienfuegos should be finished within the next few days. Correspondent

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Barbara Betancourt from Radio Havana Cuba recently visited the gigantic project and obtained a clear and certain opinion about safety [seguridad] at the plant.

[Begin recording] [Betancourt] During a recent working tour of the southern province of Cienfuegos, I had the opportunity to visit the nuclear power plant being built along one of the shores of it's beautiful bay. Construction was halted in 1992 due strictly to financial problems. However, even today there is work going on. Hundreds of workers have maintained the facility for the last three years and the plant's directors are negotiating to complete the first reactor [bloque de generacion]. Next to a model of that first reactor, I had the opportunity to speak with nuclear engineer Osmany Perez, who explained to us why Cuba affirms that its plant will not have safety problems.

[Perez] I will explain the main differences between this reactor and the Russian reactors, always used as an example. In first place, the design of our reactor provides for an area of containment [recinto de contencion], which is known as the third barrier in nuclear technology, which protects the environment. The previous nuclear plants did not have this. In nuclear technology there is a concept called strengthened defense [defensa en profundidad] which means protecting the environment by physical means from the area where the radioactive materials are. In our case, there are three barriers: The first barrier is located where the fuel [combustible] is; The second barrier includes all of the primary circuit's equipment; The third barrier is the containment area. It is a very simple structure: an iron plate eight millimeters thick and covered with 2.5 meters of concrete. That is the third barrier. It is hermetic — tested during construction — air is not allowed to escape and it works as a vacuum. That is a fundamental characteristic of our design. For those people worried about emanations, here there are none at all. It works as a vacuum because if there is a leak the air would be drawn in, nothing would get out.

[Betancourt] Another of the plant's characteristics is its design against external elements.

[Perez] First of all, it could withstand a level 8 (MCK) scale earthquake. This means that underneath the reactor there is a plate [loza] of over 15 meters of concrete, supporting and making the structure monolithic. It is protected against shock waves. It is protected against a tsunami — the sea would retreat and the reactor would continue to cool down. In our case, it is an event which could happen once every 100,000 years. In any case, the plant is designed to withstand it. There is a probability of an earthquake here once every 10,000 years and the plant was designed to withstand it. The plant is protected in case of being struck by a flying object, specifically an airplane, falling at a rate of 200 meters per second and weighting 20 tonnes. The area of containment's dome would resist that impact. It is protected against normal tropical storms, which affect us often. The entire facility is protected against them. There are repetitive and diverse systems; this is a safety criteria. This means that all of the plant's systems are triplicated, that is why the reactor building is so big. One system is enough to guarantee the plant's safety and we have three. Whenever a pump is needed, we have three available. When an interchangeable [word indistinct] is needed, we have three. As an essential characteristic of the plant's electrical energy supply, it has a reliable [confiable] electrical energy supply. It is a safety system which receives energy from the plant's own energy production. It consumes part of the energy it produces. The plant receives electricity from the national electrical service, in case the normal system were to fail, and furthermore, there are three diesel generators with a capacity of producing 4 megawatts of power each. They are located in the reactor building, in case there is an accident or loss of coolant. For security reasons, I do not want to extended myself any further. In any case, the most advanced technology, regarding safety measures for water pressure reactors [reactores de agua a presion], have been implemented in this design.

[Betancourt] In addition to this, within the economic and technical feasibility study, on which they are working, together with important foreign companies, they have decided to include modifications recommended by a commission from the International Atomic Energy Agency [IAEA] in the original Russian project. These recommendations were made to European nuclear plants with older technology.

[Perez] We have evaluated each of those recommendations and we have decided to include financing in the feasibility study for implementation of several of these improvements, many of which were already included in the design.

[Betancourt] Perez pointed out another safety feature included in the design of Cuba's first nuclear plant. Unlike others, the reactor's automatic control panel is in the reactor building, not in the control center.

[Perez] In the first place, the reactor building is of category-one seismic quality. As I said before, it can withstand [earthquakes up to] eight. The engine room is a category-two, and can withstand earthquakes of 6. In our case, the control center is in the rector building, the category-one. There are two control rooms: the first a normal control room, and the other a reserve control room, both in the same building. If one fails, we turn

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to the other, and work begins from there. They are 180 degrees apart within the same building. Both control rooms are in the reactor building. Due to their location in this building, these control rooms are protected from all phenomena, as I mentioned earlier.

[Betancourt] This may be a very silly question, but can people be in there?

[Perez] Yes, there are people inside. The building is divided into three zones.

[Betancourt] Really! I mean the round one.

[Perez] Yes, three zones. The zones, or areas, are: service areas, where personnel can be for the entire work day; areas of semi-service, where personnel can be only at certain times; and areas of no-service, which are the contaminated zones. There are three types of areas — service, semi-service, and no-service — in that building. Of course, the area where the primary circuit — the reactor — is located is an area of no-service. No one can enter, except during maintenance [word indistinct].

[Betancourt] The assertions that the Cuban technicians who would be operating the plant lack knowledge or professionalism are related to the plant's alleged lack of safety. With regard to this, we spoke with Manuel Leon, an engineer and assistant director of the plant.

[Leon] The way to prove it is by turning on the plant. [chuckles] Those who are against the plant say we are not capable. We say we are. We can prove we are capable. It is a requirement that must be met during the start-up phase of a nuclear plant. Documents of proof are required. It is not just a matter of our word. It is not just a matter of saying: I constructed the plant correctly. We have to prove it, and we can. We can prove that we have constructed it correctly, and that the personnel have been developed correctly — man by man and job by job, with proper qualifications, training, and theoretical and practical educational programs. We can prove this with documentation, and all of this without the plant even being operational. There can be no pipe leaks, not even without the plant being in operation. There could have been defects detected, and if they had been detected, it would have been because they were looking for defects, right? If we haven't found them, it is because they are not there, right? When you find things, it is because you are looking for things. You are not blind to that. Then you correct them; that is what everyone does. In any western nuclear plant, there have been thousands of problems that were detected and resolved.

[Betancourt] Those who are trying to discredit Cuba will not listen to these explanation. They really are not worried about the safety of the plant. What bothers them is that Cuba might acquire an alternative energy source, which would allow its development and a certain freedom from the oil supply. But I did not make this report with them in mind. I conducted the research for those with real concerns, as a result of their negative speculations. I offer one more element for their peace of mind. For over eight years now, there has been a nuclear plant operating in Finland, which has a design similar, but older, than this one. Cuba's design is of the most recent generation and has never presented any problems. Furthermore, that plant is in the top IAEA ranking, based on safety and efficiency. [end recording]

Editorial Urges Steady Sugarcane 'Work Rhythm'

FL1107161295 Havana Radio Progreso Network in Spanish 2200 GMT 10 Jul 95

[Frank Espinosa reads editorial published by TRABAJADORES newspaper on 10 July]

[FBIS Translated Text] Sugarcane sector results were positive in June, yet the progress achieved in many activities might lose efficiency if the escalating boost in June declines.

June's accomplishments can encourage Cubans to succeed; however, they are not enough to ease tension before a fittingly called high risk harvest, during which we need to produce enough sugar to pay the financial debt, and also meet other goals of the country.

In June, the Cuban people, and particularly sugar workers, began to realize the meaning of the upcoming sugarcane harvest for Cuba. The work mood rose markedly in the sugarcane sector, thereby raising production results. There were record replanting results during June, excellent advances in sprout reconditioning, and planting and fertilization results were worthy. Almost 35,000 caballerias were manually weeded, undoubtedly an extraordinary amount. Yet, 20 percent still needed weeding in July, hence, there are no guarantees for the sugarcane to fully grow on lands free of weeds.

In addition, the commendable efforts in June could not stop the accumulated delays in spring planting, which finally ended with almost 4,200 caballerias short of the goals, even when better quality and moderate progress when compared to 1994 were reported.

To sum up, we arrived to July with the need to maintain the ascending rhythm of work. Agroindustrial Complex, Basic Cooperative Production Units [UBPC], Agricultural-Livestock Cooperatives, Interior Ministry farms, and Youth Labor Army farms have almost no time to take a breath in July. They must maintain the rhythm throughout the month or risk not meeting their goals. July planting must increase to make up — at least partially — for what is behind schedule.

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Currently, the country and people involved in sugarcane agricultural work must take special care of the machinery, because it is fundamental for land preparation in July, and also for advancing the total planting plan for the second six months of 1995: over 13,000 caballerias — 5,000 caballerias over those planted during a similar period in 1994. The 5,000 men in charge of preparing the soil will have to strengthen efforts through willpower, sacrificing the potential of the people to overwork the machines, which are not generally in ideal condition to undertake such a significant job. Also, workers must be taken care of, and much cooperation will be needed in all provinces. Efforts must be made in workshops to have the more easily broken machine parts available, and the help of the all machine shop workers, because machinery must be ready, and cannot fail.

Manual weeding in July is critical, because uncut weeds will hurt sugarcane until its cutting during next harvest. Irrigation in July will increase in all provinces, to achieve a plan six times superior to the one last year. Irrigation demands organization, provision, and dedication. Yet, producers must not forget that each caballeria increases its yield between 3,000 and 5,000 arrobas every time they are irrigated.

Provinces which have indicated good results, such as Matanzas, Holguin, Las Tunas, and Santiago de Cuba, cannot go a step back, after their feats in June. Guantanamo, Havana, Cienfuegos, Granma, Sancti Spiritus, and Pinar del Rio must accelerate work, to be close to the vanguard's performance, or to achieve vanguard status. Ciego de Avila, Camaguey, and Villa Clara, which have the largest potential and confront the most difficult situations in achieving their goals, must show more courage and fighting spirit, because this battle cannot be lost.

There were approximately 260,000 workers in the sugarcane sector by the end of June, yet, currently no less than 320,000 are needed. These numbers can be met promptly because UBPC's have the potential to increase the number of sugarcane workers in most of the provinces, incorporating family members, who are also interested in increasing their earnings. There are provinces with low mobilizations; whereas others have mobilized a relatively small number of workers from other unions.

Thereby, there is a reserve work force which can be utilized to reinforce the sugarcane sector in July. The job to be done is major, perhaps heroic, because it demands true sacrifices. Many workers have postponed their well deserved vacations, and have continued firmly doing sugarcane tasks.

We are well aware of the priceless efforts of sugarcane workers and mobilized people, who show honor and patriotism to give Cuba the salvation step of sugarcane recovery. Therefore, it is good news to know that incentive stores were opened in many mills, where good and outstanding workers will be able to shop.

It is clear that June's work rhythm and patriotic fervor cannot slow down in July. On the contrary, it needs to increase, because sugarcane tasks are more important now than ever and cannot be delayed to reach the goal by 30 September — 120 days of challenge to will and courage. Cuban people show each day that they can succeed with will and courage, and build a future.

Sugarcane planting, weeding, replanting, and fertilization must be done now.

Haiti

Aristide To Meet With Dominican Republic President

95CA9128 Port-au-Prince Signal FM Radio in French 1030 GMT 11 Jul 95

[FBIS Translated Text] Haitian President Jean-Bertrand Aristide will meet soon with Dominican Republic President Joaquin Balaguer, announced a Dominican official, (Jorge Yasar Naser), yesterday in Port-au-Prince, quoting Aristide.

Mr. (Yara Naser) [name as heard], one of the leaders of the socialist opposition Dominican Revolutionary Party, PRD, has been visiting Port-au-Prince since 6 July as part of a delegation made up of 10 representatives of Dominican political parties attending an international colloquy on transitions to democracy that ended last Saturday [8 July]. He told AFP that this upcoming meeting was announced on 7 July by President Aristide to the Dominican delegation during a reception at Aristide's private residence in Tabarre.

Personal dialogue is logical and necessary between the presidents of two countries bordering each other which share sovereignty over the island of Hispaniola, said Mr. (Yara Naser). He also advocated an increase in trade exchanges between the two countries and the establishment of a common market between Port-au-Prince and Santo Domingo, stressing that the island [Hispaniola] has the largest population in the Caribbean, with over 13 million inhabitants — compared to Cuba with only 10 million — and that it will reach 20 million people by the year 2020.

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Aristide Opens Symposium on Population Policy

95CA9130 Port-au-Prince Signal FM Radio in French 1030 GMT 11 Jul 95

[FBIS Translated Excerpts] President Jean-Bertrand Aristide opened the symposium on the population yesterday morning at the National Palace. For about an hour the president listened to the suggestions made by a number of participants.

A number of different problems facing the population of Haiti were pointed out, such as the absence of physicians in most communal sections and the laxity of the authorities regarding the sale of pharmaceutical problems. Petion-Ville Mayor (Claire Lizzie Parent) asked for the nation's sanitary authorities to monitor things more rigorously. [passage omitted]

In his speech on the occasion, the Haitian chief of state invited all sectors of national life to work to guarantee a better standard of living for the entire population of Haiti.

[Begin Aristide recording in Creole] If we don't hurry up and see how we are going to reach agreement, I don't think we'll have a Haiti left — so serious is the illness, as we have said. Haiti is seriously ill. It is lying in a hospital bed. It is agonizing, in a way.

That is why (?the young person) just told the politicians: Give the country a break! (?He) just told the gentlemen with impressive diplomas: Give the country a break! I would also say that I am in favor of extending my hand to the politicians, the learned people, the people with big bucks, and, together with the people who don't have big monetary means, seeing how we can prolong this beautiful exercise in respect that has taken place this morning — where I speak my mind and you speak yours, I contribute my experience and you contribute yours. Together we can see what medicine will best serve the patient.

In this spirit, I encourage all Haitians who are already in favor of having the rich and the poor get together, of having politicians and non-politicians to get together, of having people who went to school and obtained impressive diplomas and people who have not yet been to school — for they must be able to go to school — get together — without prejudices, without discrimination, without any feeling of I'm-better-than-you-are, without anyone thinking he is any more important than anyone else, so that together we can manage to save our country, which is seriously ill. [end recording]

PNT Accuses UN Representative of 'Aberrant' Behavior

95CA9133 Port-au-Prince Radio Metropole in French 1600 GMT 11 Jul 95

[FBIS Translated Text] The National Labor Party [PNT] advises national public opinion of the aberrant and undemocratic behavior of the UN secretary general's special representative in Haiti, Mr. Lakhdar Brahimi, because, it says, Brahimi held a secret meeting over the weekend with certain political parties, with the sole goal of backing the fraudulent and unacceptable results of the elections contested by a majority of the political parties.

In its protest note, the PNT asks the national and international authorities to take into consideration the resolution of 29 June adopted by over 20 political parties acting as full and equal partners [tous partenaires au meme titre et a part entiere].

The PNT affirms that it insists on explaining that this resolution advocates, in spirit, the institutionalization of an interparty structure in charge of encouraging the evaluation of all the irregularities and illegalities committed during the elections, with a view to adopting measures likely to guarantee parties' rights.

CEP Seeks Security for Release of Election Results

95CA9132 Port-au-Prince Radio Metropole in French 1600 GMT 11 Jul 95

[FBIS Translated Excerpts] After several postponements, the [Provisional] Electoral Council [CEP] is reportedly to publish the results of the 25 June elections this afternoon. [passage omitted]

Announcing that the results of the first round of elections will be made public today, 11 July, the CEP asks the authorities to take all necessary security measures to avoid any possible incidents. The CEP fears there could be violent reactions by followers of certain political parties that have demanded, in vain, that the elections be declared null and void. Twenty-two out of 27 parties participating in the 25 June elections are calling for the elections to be declared null and void because of irregularities and fraud.

On the other hand, the United States and most of the observer missions have acknowledged the validity of the elections, assessing them as unfettered and open. Nevertheless, they do acknowledge that irregularities did occur.

CEP spokesman (Gerin Alexandre) says that everything is ready for the publication today of the results of the elections. In an interview granted to Rodrigue Sejour

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yesterday, the CEP spokesman also talked about the candidates excluded from the next elections.

[Begin recording in Creole] [(Alexandre)] The results that were scheduled to have been made public Saturday [8 July] were partial results — partial at all levels, partial for a number of geographical departments and partial for certain elective offices as well. The results that we are going to make public on 11 July, however, are the results for all departments and are complete results for the first round of the elections held on 25 June.

[Sejour] Is everything ready so you can give those results?

[(Alexandre)] We are finalizing the data right now. We had a few small delays in the West and Artibonite Departments, but we are working on this now so that we will be ready and able to give the results for all nine departments.

[Sejour] You have announced that you might exclude certain candidates from the second round of elections that is to be held. Can you tell us on what basis you are going to exclude certain candidates?

[(Alexandre)] Well, the criteria are well defined, per the press release issued Sunday [9 July], in which candidates and political parties that have been implicated in acts of violence and sabotage of the electoral machine at one level or another are mentioned. As you know, there are candidates who beat up members of polling stations, while others destroyed polling station materials. This occurred at the level of BED's [Departmental Electoral Offices], BEC's [Communal Electoral Offices], and even BIV's [Registration and Voting Offices] as well. I don't think the CEP can just stand by and watch those people do such things and yet allow them to participate in elections. That would encourage all the other candidates to commit acts of violence against the electoral apparatus. It is on the basis of that criteria that they are going to publish a list of the candidates who have been excluded and will not be allowed to participate in either the partial elections or in the runoffs. That will be done on the basis of Articles 118 to 136 of the electoral law.

[Sejour] Have you identified these candidates? Do you have proof that they committed such acts?

[(Alexandre)] We have identified most of them. We are finalizing the list of these candidates, which will be made public along with the election results on 11 July.

[Sejour] In how many voting districts are you going to hold partial elections? Have you identified the communes, the electoral districts in which elections should be held anew?

[(Alexandre)] The CEP's technical team is working to finalize the list of places where elections are going to be held anew. Don't forget: There are two reasons for holding elections anew. Elections will be held where no elections were held at all and where there were problems. There is a third situation as well: Elections will be held in places where elections were held — for example in Kenscoff and several other places — but then afterward, on the evening of 25 June or the following day, they burned down the polling stations or BEC's. These are the three situations that the CEP defined in its second-to-last communique on holding elections in all the areas where these problems arose. Another situation involves places where fewer than half of the polling stations were able to open on 25 June.

[Sejour] How many such districts or communes are there?

[(Alexandre)] We don't have a list of them all, because we are still working it. There is data still coming in. We will be able to finalize the list so that it can be made public before long.

[Sejour] You have announced that the partial elections are to be held on 22 June. Will you have time to obtain the means for that, the logistical means, for example?

[(Alexandre)] The plans have been made. Choosing the date is one of the first steps in the planning. Next we have the matter of locating the places where the elections should be held. Third, we need to know how many ballots we need to print and the number of candidates who are going to participate in those partial elections. We are moving forward very well in this process. The reason these elections are going to be held, as everyone knows, is to correct mistakes that were made on 25 June, where problems came up such as materials being burned and an election not held, or where there were ballot problems, or where ballots did not go exactly to where they should have gone or else had mistakes in them. [end recording]

That was CEP spokesman (Gerin Alexandre).

The results are not yet public knowledge, but the president of the Republic has an idea of the outcome of the 25 June elections. President Aristide recently revealed to the Americans that his party, the Lavalas organization, will win a majority of the seats in both chambers of the parliament.

While waiting to see the big winners in these elections, which seem to be increasing the division among the political parties, President Aristide yesterday issued a call for peace. He hopes the different political groups will be able to structure themselves better. Meanwhile, he encourages dialogue.

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[Reporter Rothschild Francois — live or recorded] While awaiting the publication of the results of the 25 June elections, President Aristide is playing fireman in the crisis opposing the political parties and the CEP on the matter of elections. Speaking at the opening of the symposium on population and development on 10 July, Aristide invited political leaders to prioritize dialogue. Aristide also hopes to see the CEP publish the election results. President Aristide said he hopes the difficulties that occurred during the first round of elections will be overcome during the second round of elections. [passage omitted]

President Aristide stressed the importance of political parties within the framework of a democratic system. He also questioned how representative certain of these political groups are on the national level.

[Begin Aristide recording in Creole] There are many political parties, we know, that will someday have many members, but for now, they don't have too many. They are on the path. [repeats] They are on the path. We must encourage them, so that, in addition to wives and children and other relatives, they will come to have many followers in the hills everywhere. I am doing that. I am encouraging them.

There are press releases saying that 22 political parties are calling for a strike, but when you look, you don't see a strike. In that sense, we are not in a hurry. We will take our time, so as to lay good foundations for the political parties. If a chief of state does not encourage the political parties to do a good job, to continue to do beautiful work in complete and total freedom the way the Constitution stipulates, that means he is not doing his job properly.

I encourage everyone to take a look at the political parties and decide to follow this or that political party, in complete and total freedom, and to accept criticism of one another that is based on proper proof and that respects the rights of every individual, so that, as time passes, when you go to another election, there will be proper [bon jan] participation that will result in good results [bon jan]. [end recording]

[Francois] President Aristide also admitted that the elections created a tense situation in Haiti. That is why he has insisted on trying to calm things down by inviting the parties to accept the population's vote. However, it is obvious that President Aristide is not on the same wavelength as the great majority of the Haitian political class.

[Announcer] Indeed, Rothschild, after a series of meetings last weekend, the heads of political parties and certain CEP members were to meet again to try to find grounds for understanding and avoid a post-election crisis because of the position expressed by a majority of the political parties regarding the 25 June elections. No consensus was reached during the first two meetings, which were facilitated by the international community. The promulgation of the election results and the cases of fraud and the irregularities denounced by the parties lay at the center of the discussions, which were marked — according to a source close to the discussions — by two extreme positions: the FNCD's [National Front for Change and Democracy] which is calling for the election to be totally annulled, and the OPL's [Lavalas Political Organization], which is the Lavalas party, which is opposed to that. According to that same source, the other parties have exhibited a more moderate attitude.

New Police Assume Duties in Saint-Marc

95CA9129 Port-au-Prince Signal FM Radio in French 1030 GMT 11 Jul 95

[FBIS Translated Excerpts] New Haitian police assumed duty at the Saint-Marc police station on 10 July, replacing a group of interim policemen who were stationed there while awaiting the arrival of these new policemen. Nazaire Dupiton has the details:

[Dupiton, in Creole — live or recorded] The interim police in Saint-Marc have passed the job on to the National Police, as of around 1100, when the National [as heard] policemen left the barracks in Saint-Marc — now called the [Saint-Marc] Police Station. As the National Policemen took their oath in front of the police station, the crowd expressed its satisfaction with great applause. There are now 135 policemen at that station. They are to disperse to many areas in the lower Artibonite Valley which have had no police since after the foreigners landed. [passage omitted]

The only hitch in the ceremony was that the [communal] magistrate of Saint-Marc, (Maldonaldo Prosper), and the deputy delegate for Saint-Marc, (Cima Bernardin), did not show up on time, even though they were supposed to make speeches. It looked as if the two men were not interested in what was going on — an attitude that those present criticized greatly.

It looks as if the marriage between the Army and the Haitian people that President Aristide had asked to have take place will not take place. It looks as if what has happened instead is a marriage between the Haitian people and the police. This is a situation we are following.

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Zedillo on Economy, Extradition Treaty, EZLN

BR1107134895 Madrid ABC in Spanish 9 Jul 95 pp 40-41

[Interview with President Ernesto Zedillo by Torcuato Tena Benjumea in Mexico City; date not given: "We Will Regain the Calm That They Are Rightfully Asking For in Chiapas" — first paragraph is ABC introduction]

[FBIS Translated Text] Mexican President Ernesto Zedillo granted an exclusive interview to ABC in which he analyzed his country's delicate economic situation, reviewed Mexico's current political picture, and explained some issues in relations with Spain that have been reported in recent days by the Spanish media: the expulsion of a Spanish priest from Chiapas and the new extradition treaty with our country. In addition the Mexican president highlighted the recent visit to Mexico of the Prince of Asturias and expressed his confidence that the Spanish presidency of the EU would serve as a platform for expanding trade between Mexico and Spain.

[Benjumea] The prince of Asturias' recent visit had great popular support. Do you think that this could be the first sign of European support for Mexico and that it could contribute to the resumption of investments of European capital in Mexico?

[Zedillo] Felipe de Borbon's visit important for three reasons: First, it was a visit by a friend of Mexico and by the son of such great friends of our country (the king and queen of Spain) and it meant we got to know him as a well-educated adult who is very much involved in the country's problems and who has a very positive and constructive attitude; second, the prince brought a letter from King Juan Carlos inviting me to make an official visit to Spain. He said that this year would be a good opportunity, but I replied that given the current circumstances keeping me in my country the most convenient time to leave would be in 1996; thirdly, and this is enormously important to us, is that Felipe gained first-hand knowledge of what is happening in Mexico and we are sure he will pass this on, in a most valuable way, to a number of Spanish and European interlocutors. The results of all this will undoubtedly be beneficial for Mexico and of inestimable value for the signature of the partnership agreement with the European Union.

Priest Expelled

[Benjumea] The expulsion of a Spanish priest without any concrete explanation apart from his links with the EZLN [Zapatist National Liberation Front] has led to accusations by many Spanish newspapers that Mexico does not respect human rights.

[Zedillo] It will be my pleasure to answer that. Look, I am not going to go into the details of the matter with the priest, but if anyone violated human rights, he did. The three priests expelled were breaking Mexican law and we have enough evidence against them to try them in court. We should be thanked for applying the country's immigration laws and not its criminal law.

[Benjumea] What about the new extradition law?

[Zedillo] We agreed to change the existing treaty, if it is approved by the Senate. Basically a distinction will be made in this treaty between true political refugees and those who are trying to evade justice for committing acts of terrorism. We are not moving away from our tradition of welcoming political refugees, but we believe that it is right for countries suffering from terrorism — as is the case with Spain, sadly — not to hinder the course of justice by serving as an untouchable paradise where they are out of reach.

[Benjumea] If there is anyone qualified to explain the extremely complicated economic and political situation in Mexico it is you. After these months of worry how does the situation stand today?

[Zedillo] It is indeed true that the initial months of this presidency were particularly complicated on a number of fronts to do with the country, especially the economy. Once the economic situation became difficult that exacerbated certain political and social problems that were already present at national level. This called for incredibly intense work by the government in order to simultaneously attack these problems on all fronts. Let us first talk about the economic problem, which is probably the issue that has attracted the most international attention. I think that the economic problem currently facing Mexico would have been difficult to anticipate in terms of its scope and magnitude. We were experiencing an unheard-of situation, not only for Mexico but also for the international capital markets since the country — like others — had access for the first time in its history to what was deemed an almost limitless flow of funds that had not before been available to our nation. In the last few years the so-called "emerging markets" came to the fore, of which Mexico was one of the favorites. During that period, the country absorbed private capital to the tune of between 6 and 8 percent of GDP. Naturally, this was not taken on by the public sector but by Mexican private capital. This situation created a crisis in late 1994 and the country was suddenly and dramatically faced with a situation in which we not only lost that 8 percent of GDP of foreign savings that we had enjoyed in previous years to finance the difference between the country's income and spending, but also a good part of the flows which we had received in previous years

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were payable overnight. This meant an enormous financial upheaval, much more serious than the oil crisis that rocked the country in 1988 and the other crisis in 1982. It was like losing, overnight, 8 percent of current income and, moreover, being asked to be accountable for what had been made available over the past five years. Faced with this situation the only thing to do was to adjust the economy to this new reality. It was adjusted to take account of the nonavailability of any foreign savings and to prevent the ongoing drain of Mexican resources to international financial centers. That was a quick explanation but it is much more complicated and involved a very tough and very clear economic policy which undoubtedly created unease in sectors which did not understand why the economic policy had to react so quickly and with such strength. In actual fact, however, it should not be too hard to understand that if we had not acted in this way, the social, political, and economic costs of the crisis would have been much more serious. Here the big question is why did this happen. What are the underlying causes of the crisis. I think that the answer is very simple. In recent years Mexico's efforts at domestic savings — especially Mexico's private sector — fell considerably. The private savings rate fell in GDP terms by seven points over the five years before 1994. This means that foreign savings that were available for our country did not lead to an equivalent increase in investment and, therefore, the economy did not grow as we had expected. So, while absorbing an enormous quantity of foreign capital while at the same time having an economy that was not growing, in the eyes of investors it looked like the country was developing a solvency problem — a problem aggravated by the crisis of confidence unleashed by the violent events of 1994. In hindsight the great weakness of the economic policy of previous years lay in the lack of promotion of domestic savings. If the economy had continued generating domestic savings as it had in previous decades, then foreign savings would have led to very dynamic economic growth and, despite the growth in the country's foreign debt, there would never have been a perception of insolvency and we would not have fallen into the financial crisis.

Fall in Domestic Savings

[Benjumea] Why did domestic savings fall?

[Zedillo] I cannot find a single cause or explanation. Perhaps there was too much optimism about the consequences that certain policies adopted in previous years would have and this might have encouraged consumption. To this was added the drop in VAT in 1990, which affected savings and also overvalued the exchange rate, boosting consumption and hindering saving. Today the big question is how do we get out of the crisis?

[Benjumea] You yourself have raised the question. How are you getting out of the crisis and where do you stand?

[Zedillo] We have strictly applied the adjustment program and, despite the effort that this has involved, I can state categorically that it is working. The sharpest peaks in the crisis are under control and there has been an almost total change of course. Here are some spectacular, yet real examples: After having a balance of payments that was seriously out of balance in 1994 ($28 billion), this year we are very close to reaching equilibrium. In 1994, our trade balance deficit exceeded $8 billion accumulated in May, while this year the surplus will exceed $2 billion. Public finances have been consolidated with amazing speed and this has given us a foundation that is sufficiently favorable for the coming years and has encouraged us to have a realistic anticipation of almost imminent price stabilization.

The Specter of Hyperinflation

[Benjumea] In other crises the specter of hyperinflation emerged automatically for less important reasons. But not this time. In your opinion to what do you owe this fortuitous disappearance?

[Zedillo] The maximum inflationary peak, in April, was 8 percent, and in June we will close the period with inflation of around three points. What better demonstration than these data that while the program may have been tough it has also been effective and that this has led to a quick recovery? This pleases me no end since we can enter a stage in which we take advantage of past structural changes plus those which we are continuing, despite the crisis. I am rather optimistic about Mexico's economic future. The effort made to sacrifice popularity by making tough and painful decisions is turning out massively generous yields. I am not referring to me personally, but to Mexico, which is going to emerge — as many people in the world already feel — as a major economic power in coming years. This is not the result of the current efforts but of the many decades of sacrifices made and work done by the Mexican people. People are going to be dazzled by Mexico's economic development in one or two years. I am hoping for a recovery in 1996, but in 1997 and 1998 the results will be the reward for the efforts made over the past 10 years and for the commitment, courage, and efforts of the Mexican people when faced with a financial crisis that emerged with such short notice.

[Benjumea] When will you be able to say that Mexicans can breathe easily and loosen their belts?

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[Zedillo] The challenge of building up a developed nation is not something that happens in a six-year term, it is a challenge covering one or more generations, but as the country's economic recovery emerges the people will begin to see improvement in the economy at family and individual levels. Above all, they will see that the effort was worth it and will continue to be worth it — not just to emerge from a crisis but to control an expanding economy which, as I said, will change its path toward growth in 1996.

[Benjumea] While some members of the opposition talk about a political crisis, you strongly deny this.

[Zedillo] There has not been the kind of political crisis in Mexico that these people are trying to propagate. On the contrary, for years now advancements in its political life have been gradual. There is no doubt that this advancement has been insufficient with respect to the maturing of the Mexican economy, with respect to its demands, and with respect to truly being able to be its true representatives. For this reason since the first day of my administration I decided to encourage political reform. Moreover, this must be an inclusive reform in which an agreement is reached to the effect that the main political forces represented in the Chamber shall be made co-responsible for this political change.

[Benjumea] Both the Left and the Right are toying with the threat of "today I am going to break with the agreement" and depending on what is threatened the next day "today I am going to stay with it." What are they trying to do?

[Zedillo] This is very regrettable because people are forgetting two things: One is that the current government is legitimate and that it has broad democratic support; the other is that this was the same government that took the initiative to include everyone in the national reform. It is unacceptable to use as a hostage the political dialogue to resolve problems which, no matter how important they may be, are not the problems that led to the convening of the dialogue that will decide the future of Mexico. Despite everything, I am beginning to see symptoms of awareness and understanding of what is my intention in convening this national dialogue and I am confident that we are working together to present the solid foundation for the construction of this new political system which we have to build for the 21st century.

[Benjumea] Do you think that Mexican policy is leaning toward a two-party system comprising the PRI [Institutional Revolutionary Party] as the representative of the Center and the PAN as the representative of the Right?

[Zedillo] I do not think so. Mexico has a substantial Left that has every right to be represented by left-wing parties. It would truly be a pity to exclude the Left from this political change and from the opportunities found within this change. At the end of the day I do not think that a two-party system is right for Mexico. There must be room for the Center, the Right, and the Left. And one must bear in mind that if one adds up the votes obtained by the PRD [Democratic Revolutionary Party] and PT [Labor Party] we end up with an unavoidable 25 percent that cannot remain outside the codecisionmaking process in the construction of the country's future.

Negotiating With the EZLN

[Benjumea] Do you think that the EZLN really wants a political dialogue?

[Zedillo] Well, I think that we have succeeded — under conditions that are very different from those of 1994 — in having the EZLN come to the negotiating table. We want to achieve negotiations which tackle the problems that gave rise to the discontent and which give this people a political way out. The future of the EZLN will be to transform itself into a political force in which its capacity for influencing people will depend on popular support and not the support of arms and violence. The people of Chiapas yearn for peace and we have worked on other fronts with radical peasants' organizations and made major advances. We are also unveiling a very ambitious plan of health, education, food, and agricultural reform programs. I think that by working together we will regain the calm which the people of the state of Chiapas are rightfully asking for.

[Benjumea] Do you have any messages to end with?

[Zedillo] I would simply like to say that we are going to work intensely. We are going to take advantage of Spain's presidency of the European Union to make one of our big dream's come true during these six months: the signature of the broadest possible agreement between the European Union and Mexico.

PRI Issues Communique on Visit to Washington

PA1207041395 Mexico City NOTIMEX in Spanish 0152 GMT 12 Jul 95

[FBIS Translated Text] Mexico City, 11 Jul (NOTIMEX) — Maria de los Angeles Moreno, president of the ruling Institutional Revolutionary Party, will begin a four-day working tour of the city of Washington tomorrow, it was learned here today.

During her visit, the political leader will meet with congressmen of the Democratic and Republican Parties, as well as with OAS Secretary General Cesar Gaviria, a PRI communique states.

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The document notes that during her stay in the U.S. capital, Moreno will explain the progress that has been achieved with regard to the internal reforms of her party and her party's views regarding the national political reforms.

This coming Thursday, the current senator will meet with Christopher Dodd, president of the National Democratic Committee and senator for Connecticut, Jon Kyl, Jim Kolbe and De la Garza, representatives for Arizona and Texas.

Also, she will hold meetings with Peter Tarnoff, Arturo Valenzuela, and Jim Wagner, officials of the U.S. State Department. She will participate in the program "Topics and Debates" of an important television network.

The PRI leader will visit the International Strategic Studies Center (CSIS) this coming Friday where she will hold the lecture: "PRI, Reforms, and Evolution."

She will also hold a news conference at the National Press Club and will meet with Ken Wollack, president of the National Democratic Institute, and with Bruce McColm, president of the International Republican Institute.

During her last day of visit in the U.S. capital, she will pay a courtesy call on Cesar Gaviria, former Colombian president and OAS secretary general.

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Guatemala

President De Leon on Current Issues

PA1207032895 Guatemala City Teleonce Television in Spanish 0345 GMT 10 Jul 95

[From the "Telepress Newscast"; passages within quotation marks are recorded]

[FBIS Translated Text] President Ramiro de Leon Carpio talked about the actions taken by the guerrillas.

[De Leon] "The attitude, the decision to call on people to participate in the elections for the first time in 34 years is positive because it means that they recognize the legitimacy of the state of law. They are recognizing the political constitution currently in effect, they are recognizing the validity of the elections, the validity of the authorities who have been elected by the people for the past several years with the participation of international observers and with the participation of electoral authorities worthy of all respect.

I believe this first part is worthy of praise and I believe all the people have seen it with satisfaction. The guerrillas' participation is also good. It is an irreversible fact that their direct or indirect participation in the elections by supporting a political group or candidate is positive. I believe there is no doubt about that.

The other thing is apparently contradictory because if we are that close to peace and if the peace process is irreversible, why kill human beings, why damage property. That can only be explained from a political point of view, but from a humanitarian point of view it cannot be accepted. The cease-fire must take place now. Every human being that is saved means there is one less widow and one less orphan. That is enough reason to sign the cease-fire at this time to prevent more shots from being fired. Unfortunately, history tells us that war and peace processes are like that. There are agreements at this time, there are steps to be taken, and topics need to be discussed so that operational aspects, including demobilization and cease-fire, are discussed.

This can only be conceived from the political point of view, from the point of view of political analysts, who say that when peace is about to be signed, one of the parties — which in this case has been militarily defeated — has to demonstrate its presence, it has to demonstrate that it is capable of proceeding on with the war by carrying out terrorist actions, and attacks of various kinds. This is only way in which we can — not accept or justify — but view this from a political point of view. When peace is about to be signed, the guerrillas want the population to know there could be an increase in subversive activities. This is a characteristic of peace processes when they are about to end. That is why, from that point of view, we have not been caught by surprise, but from the humanitarian point of view it is unfortunate because if they plan to participate in the elections, directly or indirectly, if the signature of the peace agreement is near, why kill more human beings?"

President Ramiro de Leon Carpio said that the possible criminal investigations of members of the guerrillas who committed crimes would not endanger the peace process.

[De Leon] "This would in no way obstruct the peace process because this is an action taken within a legal regime, within a state of law [two-second break in reception]. He has the obligation to investigate any criminal or illegal action, therefore, I believe the prosecutor general has every right to do so. He has the independence and autonomy to do it. He has the obligation to investigate these crimes and resort to the courts of justice. I am sure that these actions will not interrupt the process, both nationally, internationally, or within the guerrillas themselves. This is a strict observance of the law."

The president said this is not the proper time for the government to ask the Constitutionality Court to explain the situation of the current magistrates of the Supreme Electoral Tribunal in view of the parliamentary dilemma on whether their mandate should be renewed or terminated. President Ramiro de Leon Carpio did not rule out the possibility of conducting the consultations before the Constitutionality Court in the future as long as the Executive Branch was legally authorized to request this type of ruling.

[De Leon] "When I say I prefer not to make comments it is because I have to remain impartial and because I cannot participate in electoral politics. That allows me to act at a given time with all the powers a president should have. In this case, I hope a solution to the problem will be found and I hope they will reach an agreement. I hope there will be no doubts and uncertainties at a time such as this. The constitution allows me, at any given time, to consult the Constitutionality Court but in this case I do not think it is advisable to do so because the legal situation is clear. If the president believes the situation is legal why should he hold a consultation? If I had doubts, I would consult it."

[Unidentified reporter] "What is the legal situation?

[De Leon] "The legal situation is the one that is currently prevailing in the country. Candidates are being registered according to the law and the constitution and authorities are in charge of doing that. The president has nothing to do with it. When an unclear situation emerges, it will be the electoral authorities the ones who

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will explain it. As for the magistrates of the honorable Supreme Electoral Tribunal, I believe the situation is clear. It is the responsibility of the Congress to elect them. If they do not do it, there is a legal solution. I understand there is a precedent of this same situation: the same magistrates would remain in office, but this is a topic I would not like to discuss because it is not up to me unless the situation forced me to consult the Supreme Court, which I would be pleased to do."

Regarding the appointment of a new foreign minister, President Ramiro de Leon Carpio said there could be other cabinet changes, when the new foreign minister is sworn in. This will happen on Monday, 17 July.

[De Leon] "I confirmed the resignation of the foreign minister. I asked her to resign. The foreign minister was on vacation, I talked to her over the telephone. She will tender her resignation on 14 July and it will go into effect that day. A new foreign minister will be sworn in on Monday, 17 July. If there are other changes, the new officials will be sworn in on that day. We are going to conduct an evaluation to determine if there are going to be changes or not. You are invited on Monday, 17 July, at 1000 or 1100, for the swearing in of the new foreign minister and the new authorities if changes were made.

[Reporter] The name of the new foreign minister?

[De Leon] I cannot give names now.

[Reporter] [Words indistinct]

[De Leon] Absolutely not."

Guatemalans Begin Return From Mexican States

PA1107183295 Guatemala City LA REPUBLICA in Spanish 8 Jul 95 p 5

[Report by Danilo Anieu O.]

[FBIS Translated Text] The return of 117 Guatemalan families living in camps located in the Mexican states of Campeche, Chiapas, and Quintana Roo began yesterday with the arrival of 300 members of 75 families, from a total of 866 Guatemalans who will be relocated in an area near Belize, on three flights that arrived at the Santa Elena Airport in Peten.

The returnees will be installed at various farms in the Valle de la Esmeralda region, which is in a wooded region of Dolores Municipality, Peten Department, that were procured by negotiations made by CEAR [Special Guatemalan Commission for Assistance to Repatriates] and other organizations in an area community inhabited by only 68 families.

Upon their arrival, the returnees were received by ACNUR [UN high commissioner for refugees], CEAR, Permanent Commissions for Representatives of Guatemalan Refugees in Mexico (CCPP) officials, and repatriates residing in that area. Joy, mixed with apprehension, was evident among the repatriates, many of whom left when they were children and returned as parents themselves, completely changed by the influence of the Aztec culture.

Herminio Cardona, a CCPP leader, said "we left because of a war and return because of a war," referring to the plight of many Guatemalans since the beginning of the armed conflict in Chiapas. The movement of Guatemalans in Chiapas has been restricted, and some care and attention given them has diminished since 1994, when the Zapatist Army emerged.

Francisco Garcia said he left Chactela, Ixtan, walking through the jungle with his mother when he was 10 years old. He now returns with a wife and child. Referring to his stay in the neighboring country, he said: "We are grateful. The Mexican authorities have treated us well, compared to the way the Guatemalan authorities have treated us."

Somewhat frightened Clara Diego said: "At 17 years of age, I had two sons and was already a widow because my husband had been killed. I remarried in Mexico and now have five sons." Many of the returnees expressed their desire to see their relatives in Guatemala, although the majority do not know whether their relatives are alive or dead. They have not had any communication with their relatives to date.

Their cultural traits and identity have disappeared, because the majority of the returnees wear ladino clothes and barely use their native language because it was not possible, given people of various Guatemalan tribes were present in the camps.

They will be transferred during the weekend to farms that were purchased for them, and the returnees will remain in the Jose Benitez Gomez Federal School in Santa Elena until the entire contingent arrives.

Panama

President To Visit Philippines, Assess Military Bases

PA1107125095 Panama City Telemetro Television Network in Spanish 1730 GMT 10 Jul 95

[From the "Telemetro Reports" newscast]

[FBIS Translated Text] President Ernesto Perez Balladares will visit the Philippines within three months to assess how that country has changed former U.S. military bases into economic centers.

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Foreign Minister Gabriel Lewis Galindo, who is currently on an Asian tour, made the announcement. Lewis Galindo was in the Philippines during the weekend and met with President Fidel Ramos, whom he invited to visit Panama.

Lewis Galindo said President Ramos agreed to support Panama's admission to the Asia-Pacific Economic Cooperation organization.

Panamanians Said in 40% of Executive Canal Positions

PA0707181595 Panama City EL SIGLO in Spanish 6 Jul 95 p 20

[FBIS Translated Text] The Panama Canal and International Studies Institute of the University of Panama has warned that only 40 percent of the executive and management jobs in the administration of the Panama Canal are held by Panamanians. At the same time, the institute has stated, in fact, these same positions were virtually banned to Panamanians before the enforcement of the Treaties.

The experts have said that until last year, Panamanians held only five of the 18 positions available in key departments such as the Administration and Finance Office.

A similar situation exists among pilots, of whom only 55 percent are Panamanians to date. The institute is concerned about this matter, because only five years remain until the Panama Canal is turned over to Panamanians. Should this trend continue, Panama would head toward a "de facto" joint administration with the United States beginning in the year 2000 if by that date Panamanians are not occupying all the key positions in the administration of the Panama Canal.

The 1977 Canal Treaties categorically established in this regard a growing participation of Panamanians in all the positions and departments of the Panama Canal Commission. Consequently, the United States is obligated to train Panamanians in order for them to acquire the knowledge and experience to guarantee a smooth and harmonious transfer to Panama of the administration and operation of the Panama Canal.

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Argentina

President Carlos Menem Interviewed

PY1207000195 Buenos Aires CLARIN in Spanish 9 Jul 95 pp 8-11

["Exclusive" interview with President Carlos Menem by Ricardo Kirschbaum, Eduardo van der Kooy, and Julio Blanck; place and date not given]

[FBIS Translated Text] [CLARIN] What events were politically the most difficult to handle in the past six years: the hyperinflation of 1990, the pardons, the attacks on the AMIA [Argentine-Israeli Mutual Association] and the Israeli Embassy?

[Menem] First of all the hyperinflation, which we inherited in 1989 from the previous administration. We had to put together an economic package in a hurry and implement measures that no one had dared to implement before. We had to start a state reform, install the market economy, and change the tax penal laws. I remember that engineer Nestor Rapanelli hesitated. He did not want to implement all those measures so suddenly, but we had to do it. The attacks were terrible; we were very badly shaken.

[CLARIN] You say that engineer Rapanelli was slow in implementing the needed measures. Do you mean the alliance with Bunge & Born, which suggested Rapanelli as economy minister, did not satisfy your expectations?

[Menem] No. That is not the case. Engineer Rapanelli was a Bunge & Born manager. He accepted working with the government in representation of the entrepreneurial sector, or at least a group of the most important ones.

[CLARIN] At what precise time did your administration find the suitable economic path? Was it with the Bonex Plan, Ernan Gonzalez, or Domingo Cavallo's arrival?

[Menem] It all started with the Bonex Plan. The plan allowed us to overcome the hyperinflationary process, after which things started calming down. Cavallo took this process that started in 1989 in his hands, and developed it further and more deeply, in accordance with the president's instructions.

[CLARIN] Are we currently going through the worst economic times since the convertibility plan was implemented in 1991?

[Menem] We are rapidly overcoming the effects of the Mexican crisis, particularly if you take into account this crisis' depth. We are recovering little by little. I cannot speak about the worst times, only about a bad moment, and we are overcoming it.

[CLARIN] What do you feel was the best moment of your administration?

[Menem] I think 1994 was a very good year. The year 1993 was also very good. We overcame many hurdles. investments started arriving in a rush.

[CLARIN] In the next few years are you expecting as many domestic problems as you have had during the past six years?

[Menem] We have not had that many domestic problems. Your comments reflect the exaggerated imaginations of some media members.

[CLARIN] You know that our imaginations are very poor compared to reality.

[Menem] We did not have that many domestic problems. I made it very clear during our cabinet meetings that I would not admit the opposition into the party or the government. I said the opposition had to stay out of the party and the government.

[CLARIN] How do you think your first term will be remembered?

[Menem] This term will be remembered for the Convertibility Plan; for the strong currency; for our 8 percent average annual growth rate during four years, which was a record in Argentine history and placed us among the best countries in the world. We also reduced the state size, which is no longer gigantic, given to patronage, and corrupt. Besides, and this matter is very important, we eliminated the compulsory military service, which was possible only because we had pacified the country beforehand.

[CLARIN] When you speak about "pacifying Argentina," are you speaking about having completely dissolved the power of the military?

[Menem] I am speaking about the military's subordination to the political power.

[CLARIN] Did that not occur before 1989?

[Menem] No. Just remember the many military revolts during the Raul Alfonsin administration.

[CLARIN] Do you think the fact that you pardoned the commanders helped to subordinate the military to civilian authority?

[Menem] Absolutely.

[CLARIN] Did you feel any bitterness after the pardons? After all, you were sent to prison during the military regime.

[Menem] I did not feel anything. Then again, just look what happened in Tucuman. What will human

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rights advocates say now? Will they expel the entire population of Tucuman, who elected Domingo Bussi [retired general] as governor? They expelled me from the Human Rights Defense Committee for making reference to the pacification process in the pardons. They did not say anything about Gorriaran Merlo [terrorist leader], who described his murders publicly.

[CLARIN] Bussi's victory in Tucuman, in absolutely clean elections, does not necessarily mean that the people of Tucuman supported the illegal repression...

[Menem] I do not know. I do not know if they supported the Bussi administration that lasted a few months [during the military regime], or if they supported the Independence Operation against the guerrillas launched by the Justicialist administration in 1975. What matters are the results, which are there for everyone to see.

[CLARIN] Why do you think Bussi won the elections?

[Menem] I think the people of Tucuman saw Bussi as one alternative in order to continue growing. Besides, almost the entire Bussi electoral campaign was based on a promise to continue the national administration's policies.

[CLARIN] You mentioned your administration's achievements during the past few years. What would you like to accomplish in the four-year period that is just starting?

[Menem] What I said during my campaign. I would like to eliminate the unemployment problem, or at least reduce it to manageable levels.

[CLARIN] Are you not afraid that in the meantime we might have violent protests, such as the incidents in Cordoba or Tierra del Fuego?

[Menem] Well, these people are not protesting because they are unemployed. They are protesting because provincial administrations are unable to fulfill their obligations with their employees.

[CLARIN] But you represent the national government, and anything happening in the country touches the national government, though it might not be your direct responsibility.

[Menem] Of course. I must be a realist. We have had protests, but I do not believe, as many people think, that we will have a social explosion. We will always have protests. We have had them for the past century. Our democratic opening that started in 1983 created fertile ground for all kinds of protests. I would say that protests are unavoidable. If we can avoid them, well, we are working on it, but I think we will always have protests.

[CLARIN] What do you expect will be your main economic achievements during your second term?

[Menem] The process of economic globalization is beneficial for all countries. We will have a much more balanced economy. There will be competition, not among countries, but among regions and continents. We could be at a great disadvantage if our integration process fails.

[CLARIN] Were your relations with Raul Alfonsin [former president and Radical Civic Movement, UCR, leader] good at any time? Or did you get along with him well only during the period of the Olivos Pact [inter-party agreement to reform the Constitution], after which you cordially hated one another again?

[Menem] Alfonsin and I do not talk too often. But there is nothing like hate, resentment, or reservations between us. He is an excellent politician, but when he says things that I think are not correct I tell him so, and then he answers. This is an everyday routine. He does not agree with our model. He mobilizes his people to oppose the economic plan just about every day. What does he want? A return to what he implemented in 1983? Does he forget how he ended up? Is that the economy he wants?

[CLARIN] You criticize Alfonsin, but if it were not for him we would not be speaking about your next four years at the head of the government...

[Menem] Of course, we only played the role of puppets in all this...

[CLARIN] Puppets no, but two were needed to sign the Olivos Pact.

[Menem] Of course, but that does not mean we must forget that his economic policies almost ruined the country in 1989. Today Alfonsin talks about social justice. But you cannot implement any social justice without money, and in order to have money we must capitalize our institutions, create jobs, and produce more. This is what we want with this model.

[CLARIN] Were you surprised by the fact that Alfonsin, who criticized you a lot, ended up signing the project to reform the Constitution, giving you this chance for reelection?

[Menem] I was not surprised at all. We have been talking about constitutional reform for some time. We spoke about a proposal to hold a plebiscite to approve the constitutional reform.

[CLARIN] Do you believe that the possibility of holding a plebiscite politically broke Alfonsin?

[Menem] I believe he attempted to prevent the plebiscite, and chose what was more appropriate for

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Argentina at that moment: achieving an agreement and reforming the Constitution. Alfonsin harbored hopes of creating the post of prime minister. There is no prime minister, but a chief of cabinet. Alfonsin also harbored hopes of a third senator for the minority. He now has a third senator. Alfonsin wanted the Buenos Aires mayor to be elected directly, and now there are direct elections. Many reforms wanted by the UCR and Alfonsin have been approved.

[CLARIN] Do you remember your negotiations with [former Cordoba Governor] Eduardo Angeloz in 1990? Was that a difficult moment?

[Menem] I met with Angeloz on various occasions, because I believed that figures like Angeloz were required to strengthen the party spectrum and democracy.

[CLARIN] Nevertheless, you were able to achieve an agreement with Alfonsin, who seemed to strongly disagree with your stance at that time.

[Menem] But remember that Alfonsin was also supported by Angeloz when we signed the Olivos Pact, right?

[CLARIN] What kind of opposition do you envision for the next four years?

[Menem] I believe the UCR will still be our opposition. The UCR has strong leaders in order to make a quick recovery. It already is recovering. The UCR's electoral performance in Tucuman Province was much better than that of 14 May.

[CLARIN] Will the UCR win in Buenos Aires?

[Menem] Justicialism will win in Buenos Aires.

[CLARIN] With what candidate? Gustavo Beliz, Erman Gonzalez, or current mayor Jorge Dominguez?

[Menem] And Luis Duran. There are four candidates. This will be determined by the party members in the primaries.

[CLARIN] During the evening of 14 May, after a really impressive victory, you mentioned the media as being the major losers.

[Menem] I did not say "the media." I said "some media."

[CLARIN] Mr. President, how do you assess the relationship between the government and the media?

[Menem] In my opinion it is at a good level, despite occasional disagreements. I don't like a journalist telling the people two days before an election how to cast their ballots. That is a real shame.

[CLARIN] In fairness, there were also compensations during the campaign.

[Menem] Well, now, we know very well that there are some media that are considerate. ATC [Argentina Televisora Color], for example. It is a state-owned channel. Who is managing this channel? The government. It would be the over the limit for ATC to broadcast an advertisement telling the people how to cast their ballots. A private radio station like Radio 990, which is owned by Gerardo Sofovich, was also considerate. This radio station frequently said that it was a pro-government radio station. Radio Nacional, which is part of the domestic network, and Radio Municipal were also considerate.

[CLARIN] In your opinion, what are the duties of a journalist under a democratic system?

[Menem] His or her duties involve reporting. It is for this reason that he or she is a journalist. Objective reporting is required, as there are some journalists who begin interpreting the information as they report it, and this creates chaos in the community. And it so happens that the duties of a journalist involve explaining things. Spanish Prime Minister Felipe Gonzalez succeeded in explaining this when he established a difference between public opinion and published opinion. Here the opinion published by various media — not all of them — obviously did not favor us. But public opinion disagreed on 14 May. We received 50 percent of the vote.

[CLARIN] Public opinion, Mr. President, is an aggregate. It adds up to 100 percent.

[Menem] Listen, I am actually interested in achieving victory. And 50 percent of public opinion voted for me here. And don't tell me that if I won with 50 percent of the vote, it means that 50 percent are against me. There was even a journalist who described the Argentine people as imbeciles because they voted for Justicialism. Let's stop kidding!

[CLARIN] What do you like best: to be criticized or to be praised?

[Menem] I would just like them to be fair, moderate, and equitable.

[CLARIN] It is very difficult to be fair when voicing an opinion.

[Menem] Let them be equitable. Let them criticize when there is reason for it. If there actually are grounds for criticism, I, as you know very well, will immediately introduce changes.

[CLARIN] Your first term will be remembered as a period of economic transformation, but we also had a lot of reports about corruption.

[Menem] Mention one case. Just one case.

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[CLARIN] Well, we had many cases...

[Menem] It's as if I were to tell you that you were a homosexual.

[CLARIN] Sir, homosexuality is not a crime.

[Menem] Yes, but when you are talking about people's honor you cannot go around playing games. The most resounding case involved Amira Yoma. She was acquitted here, and if this was not enough, she was also acquitted in Spain. Now who will repair her family's name and honor? Because it was not only Amira. She, the president, and the president's entire family were thrown into the same bag. Find out if Matilde Menendez has any case pending in court, whether she has to answer any charges. Find that out. Tell me then, what corruption are you talking about? We have eliminated corruption. We eliminated the institutionalized corruption in the country when we reformed the state. We used to lose some $17 billion a year through state companies. When you talk about corruption, you must present proof. It is very easy to make accusations without any proof.

[CLARIN] What will you do on 10 December 1999?

[Menem] I will hand over power.

[CLARIN] And in 2003?

[Menem] I will try to become president again. I will not return to the political arena for anything less than the presidency.

[CLARIN] How do you imagine those four years between 1999 and 2003?

[Menem] I imagine myself involved in politics and looking after the company my brothers and I have owned for many years. I am also a lawyer, and enjoy that professional work. I could do a very good job in courtroom trials here in Buenos Aires.

[CLARIN] Does the idea of being out of power bother you?

[Menem] I will leave power in four years not because it will be a relief, but because it is the law. I must respect the Constitution. This Constitution gives me a true chance to become president again. And as I think I'll live until I'm 100...

[CLARIN] Could Cavallo become a candidate in 1999?

[Menem] They would all make very good candidates: Cavallo, Eduardo Duhalde, Ramon Ortega. You could find a candidate in each of the governors. I thought about becoming a candidate long before I became a governor. Juan Domingo Peron once told Jorge Antonio [former labor leader] in Madrid: "That boy from La Rioja, will he stay or will he leave?" Jorge answered: "He is going to Syria, to bring his parents to Argentina." And Peron then said: "Follow him, as he will eventually succeed."

[CLARIN] Who are in the list to succeed today?

[Menem] It would not be appropriate for me to give you names at this time...

[CLARIN] What if the Justicialist Party does not win the 1999 elections?

[Menem] My administration would have to be very bad for that to be possible, but my administration will not be a bad one.

[CLARIN] What will you not do during your second term in office?

[Menem] The greater guidelines have been good. The results are there for everyone to see. I haven't thought about the small mistakes. If I start thinking about them tonight, perhaps tomorrow I can tell you more about them.

[CLARIN] What is your goal concerning the Malvinas issue?

[Menem] The recovery of our sovereignty over the islands, which are ours. This is part of an unrelenting struggle in all the international forums. I repeat this even as I am talking with them.

[CLARIN] Would you be satisfied if you achieved that?

[Menem] The recovery of sovereignty cannot be just words, for its means the possession of the islands.

[CLARIN] But we are talking about a conflict that has been going on for over 100 years, and you only have four years to resolve it.

[CLARIN] The Soviet Union collapsed after 74 years, all of a sudden, without anyone thinking it was possible. This happens with things that are based on fiction and not on the truth. The United Kingdom's sovereignty over the Malvinas Islands is obviously groundless.

Croatian President Condemns Bosnian 'Genocide'

PY1207025995 Buenos Aires LA NACION in Spanish 11 Jul 95 p 4

[Article by Graciela Guadalupe]

[FBIS Translated Text] Nikica Valentic, president of Croatia, harshly criticized Europe "for imposing ethnic cleansing and genocide in Bosnia—Herzegovina," and stated that he knows that UN Secretary General Butrus-Ghali had" given the order for intervention by NATO forces in the conflict."

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The Croatian chief of state made these remarks when visiting Bartolome Mitre, director of LA NACION, on 10 July, together with Croatian Vice President Hina Ivica Kostovic, cabinet chief Andrea Rivaric, and Ambassador to Argentina Neda Rosandic Saric.

During the meeting Valentic, who also met with President Carlos Menem and Economy Minister Domingo Cavallo on 10 July, announced that he is taking back to his fatherland the Argentine chief of state's promise to open an embassy in Croatia. He also lauded the actions by the Argentine blue helmets in Bosnia-Herzegovina, though he lamented that the United Nations "has not intervened in the region to guarantee the fundamental human right of Muslims and Croatians, the right to property, which is nothing less than the fatherland," he said.

"Europe does not seem to be interested in admitting that this is genocide. If it did, then it would not turn a blind eye to what is happening. The world community permitted the invasion and then made it legal," stress Vice President Kostovic.

As a fundamental detail in the lack of confidence that Valentic and his team have with regard to the peace mission of the international organizations, he stressed: "It is said that the UN is there to guard the border, and yet we know that weapons get through."

The Croatian president told Mitre that "Sarajevo is the disgrace of the world. The sharpshooters can select their targets from among the civilians because there are no troops in that city. There are between 12,000 and 13,000 dead and missing, and 1,700 children have died since the attack began."

According to Valentic, there is a political plan under way that has made some progress, and was approved by the Western countries, including Russia, but not by the Serbs.

He also reported that on 10 July the Serbs invaded Srebrenica, a zone that is protected by the UN, where they killed a Dutch blue helmet and kidnapped another 30.

Valentic, whose answers are short and to the point, showed coldness when defining what in his judgment is the principle of that war: "It is a great hypocrisy. Europe is aware and yet unaware of what is going on. If it is allowed to continue, the Croatians will not allow themselves to be liquidated."

Bolivia

Government Denies New U.S. Coca Ultimatum

PY1107235995 La Paz PRESENCIA in Spanish 5 Jul 95 p 7

[FBIS Translated Text] The government stated yesterday that the threat of U.S. de-certification has disappeared because Bolivia has fulfilled all the requirements, thus avoiding de-certification. There is no new ultimatum pending.

Foreign Minister Antonio Aranibar said there is a basically agreed upon short, medium, and long-term program, adding: "Everyone knows the ultimatum threat has disappeared."

With regard to whether another ultimatum could be expected later, Aranibar said: "I hope not. We do not want it, the Bolivian people and government do not want it."

The foreign minister was consulted about long-term eradication and the possibility of agreement with the United States. He said: "That was part of the negotiations to lift the de-certification threat."

Referring to a decision by coca producers to suspend the eradication and to be in a state of emergency to prevent any possible forceful government action, Aranibar told the coca producers: "Never abandon dialogue and agreement."

Commenting on negotiations with the U.S. Administration and the improvement of the balance of payments, the foreign minister said: "It is very clear that there is a common responsibility and that negotiations on the financial issue will be carried out through the appropriate channels."

He added that there is no established timetable with the United States on the improvement of the balance of payments.

He said Bolivia seeks to achieve multilateral relations in all aspects and to achieve maximum the cooperation and trade with every country of the world.

This position is directly related to the tour that Social Defense Secretary Mario Soliz is making of four European countries, seeking economic support for the eradication of coca and for alternative development.

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Brazil

Grenades Illegally Exported to Iran

95SM0419B Sao Paulo O ESTADO DE SAO PAULO in Portuguese 28 Jun 95 p 6

[Article by Claudio Renato: "Illegal Export of Grenades Alleged"]

[FBIS Translated Text] Rio de Janeiro—Sao Paulo businessman Joao Chiarelli Filho, president of Explo of Brazil, a holding company that controls the Valparaiba Explosives Company (CEV) in Lorena, Sao Paulo State, has been accused by the federal prosecutor's office in Rio of illegally exporting handgrenades to Iran and Honduras. They were supposedly part of a lot of a million M-4 weapons. Investigations revealed that grenades from the same lot were found among Rio drug traffickers and Nicaraguan contras.

The charge against Chiarelli Filho was sent to the 13th Federal Court on Friday by Federal Prosecutor Arthur de Brito Gueiros Souza. The investigation was based on the arrest of three traffickers in January 1991 in a shantytown in the West Zone, and the death of two alleged traffickers in Cabo Frio (Rio de Janeiro State) in December 1992. In both cases, the police found three CEV-made handgrenades from sub-lot 02-02-84 in the hands of the criminals.

The grenades are thought to have been exported to Libya by Jabour Exports, of Rio, according to an authorization issued by the Ministry of Foreign Relations and the Ministry of the Army's Controlled Products Inspection Directorate. Souza's findings were based on probes by the Military Command of the East and the Federal Police. The accusation also implicates a retired Army lieutenant colonel, two CEV directors, and two people from Jabour.

According to Gueiros, an analysis of the documents seized found "no document from the Government of Libya certifying receipt of the respective lots and sub-lots of grenades, as is required by the National Policy on Exportation of Materiel for Military Use." "It was all a very well-developed plot to manufacture illegally a million grenades, since the Government of Libya was used only as a front."

The accusation cites the testimony by a former director of CEV, Zoltan Racz, who told the Federal Police that he was unaware of any deals involving the sale of a million grenades to Libya. He stated that the only transaction between CEV and Jabour for production and export of a million grenades and other weapons had had Iran as its destination, despite the fact that sales to that country were prohibited at the time.

Chile

Foreign Minister: French Decision on Nuclear Tests 'Affront'

PY1107224395 Madrid EFE in Spanish 2011 GMT 11 Jul 95

[FBIS Translated Text] Santiago, 11 Jul (EFE) — Chilean Foreign Minister Jose Miguel Insulza stated today that Chile considers the French decision to resume nuclear tests on Mururoa Atoll in the South Pacific, a serious "affront" that harms everyone.

Health Minister Carlos Massad and the Chilean scientific community today issued a note repudiating the French tests and resolutely expressed support for the peaceful use of nuclear energy.

Insulza said the problem posed by France is extremely serious because it lasts for 10 months. He said Chile will resort to all channels, both political and diplomatic, to reverse the situation.

French President Jacques Chirac on 13 June reported that the nuclear program includes eight tests between September 1995 and March 1996.

Insulza spoke on Radio Cooperativa, asking: If these tests are as innocuous and 100 percent safe as France says, why are they not carried out in French continental territory or off the European coast?

The Chilean foreign minister expressed his concern because events that cannot be carried out elsewhere are carried out in the South Pacific.

"This is extremely serious because it marks a trend," he said. He recalled that a few months ago a British ship loaded with Japanese plutonium treated in France rounded the dangerous Cape Horn despite protests.

Insulza said that, in view of this situation, Chile will continue to seek initiatives with Latin American countries on the Pacific and will seek joint actions with other nations of that ocean basin.

He said he does not favor measures like a boycott of French products, adding that the government cannot promote a campaign of that nature because it supposes the imposition of trade barriers.

Although he termed the actions of ecologist groups in that case "just and effective", the foreign minister ruled out the idea of using the French National Day, 14 July, for actions against that country because there are many French people who do not agree with their government decision.

He said: "It is a gratuitous offense to the people and the country," adding that his government will release new

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measures within the next few days in an effort to deter France.

Chilean ecologist groups and the international organization Greenpeace have declared 14 July "Day of Nuclear Terror" and announced a number of actions to repudiate the nuclear measures adopted by the French Government.

In his note rejecting the nuclear tests, the health minister and 25 personalities of the Chilean scientific community said the tests "revive concern over the immediate and remote effects, in the medium or long term, from the artificial increase of radioactive material on the planet."

Ecuador

Conflict in Peru Accounts for Deficit in Trade Balance

PA1007231995 Paris AFP in Spanish 1650 GMT 9 Jul 95

[FBIS Translated Text] Quito, 9 Jul (AFP) — Despite a rise in exports, mainly in oil and nontraditional products, Ecuador's trade balance between January and April registered a deficit of $17 million because of purchases related to the conflict with Peru, the Central Bank of Ecuador revealed on Sunday.

An analysis by the bank states that, in the past four months of this year, trade registered a positive balance of $213 million, but "when including the purchases from abroad mandated by the conflict with Peru, it had a deficit of $17 million."

At the beginning of this year, Ecuador and Peru were engaged in an undeclared war along the Amazon region over a 78-km stretch of border that was defined by the Rio Protocol but has yet to be demarcated. The two countries had to make great economic disbursements to cope with the confrontation.

In 1994, the positive balance totaled $445 million, thanks to a 21.4 percent increase in nonoil exports, in line with a trend that has been maintained in the past decade, especially for nontraditional (new) products, which went from $200 million in 1992 to $600 million in 1994.

In its study, the Central Bank maintained that, although imports rose as a result of the country's process of economic opening and as a result of the recovery of growth and stability in the exchange rate, exports have evolved favorably.

Total exports from January to April rose to $1.429 billion, 33.5 percent higher than during the same period in 1994, as oil exports rose 43.3 percent and nonoil exports rose 28.5 percent.

Export of oil and its byproducts in the first four months of this year totaled $516 million, or $156 million higher than in 1994, because of price increases in the international market.

Imports of fuel, especially diesel, however, tripled, reaching the $90-million mark because of the deployment of troops in the south of the country, as well as the need in the summer to generate electricity in the main hydroelectric plant.

Nonoil exports during this same period totaled $912 million, with $309 million coming from banana exports, which experienced a volume increase of 27.1 percent and a price increase of 1.1 percent. Ecuador is the world's largest banana exporter.

Imports amounted to $1.446 billion in these first four months. When the additional purchases for the war are excluded, imports amounted to $1.216 billion, something that shows an increase of 30 percent in raw materials and capital goods and points to a reactivation of the country's economy.

Excluding military expenditures, imported consumer goods totaled $211.2 million, rising only 1 percent.

Raw materials imports totaled $470 million, 24.1 percent higher than during the same period last year, whereas capital goods imports totaled $443.8 million, or an increase of 34.3 percent.

[Quito Voz de los Andes in Spanish at 1700 GMT on 10 July adds that Central Bank manager Luis Augusto de la Torre announces "there will be a meeting with IMF representatives in August to seek a favorable opinion regarding the country's economic policy in order to encourage investments. De la Torre ruled out the possibility of obtaining financial assistance from this multilateral organization, because the country has solid international reserves."]

Peru

Police Expect New Shining Path Offensive in Lima

PY1107154995 Madrid EFE in Spanish 0916 GMT 11 Jul 95

[FBIS Translated Text] Lima, 11 Jul (EFE) — The Peruvian National Police has reported that Shining Path, which reappeared in Lima after the murder of a union leader and several car-bomb attacks, is preparing a new offensive through unions and neighborhoods in Lima.

The murder of union leader Pedro Diaz Maldonado, perpetrated a few weeks ago by a terrorist group, makes the Police believe that the organization headed by Alberto Ramirez Durand, aka "Feliciano," is reportedly

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activating its organization in the neighborhoods and unions of the poor areas of Lima.

The intelligence services of the Peruvian Police believe that the military force of the Shining Path in Lima, which is planning a new wave of crimes, is made up of 60 experienced terrorists who are equipped with light weapons and explosives.

Many of them came to Lima from the Regional Committee of the Huallaga Jungle, where the Shining Path established its base of operations.

The terrorist organization is again operating in the factories and poor neighborhoods of Lima, where the Police have detected the resurgence of Shining Path activists in popular schools.

The Peruvian Police identified as the main focus of the new offensive the textile, paper, metal, and brick workers unions, which are infiltrated by elements in an effort to gain new members and to carry out harassment.

The existence of two special detachments known as the "mobile network" has also been reported, as well as the fact that one of them, headed by Abdon Cruzat, apparently is based in eastern Lima.

According to the police, Cruzat is considered the most experienced militant in Lima.

The head of the other special detachment allegedly is Carlos Hidalgo, whose base of operations is reportedly in the Villa El Salvador district in southern Lima.

The Police also reported that the two detachments are under the orders of Jenny Rodriguez, Comrade "Rita," who is a Central Committee member of the so-called Leftist Execution Group [Linea Liquidacionista de Izquierda—LLI].

The Police added that the Shining Path has sympathizers in schools of poor Lima districts where they have great influence. But the terrorists seem to have changed their tactics, as they no longer paint walls or distribute slogans. All they do is to occasionally raise flags on hills and carry out "lightning marches" at night.

The union and neighborhood leaders of Lima are concerned over the new outbreak of Shining Path activities. They believe the murder of the union leader is the beginning of a new wave of crimes in this sector.

The terrorist outbreak in Lima coincides with an offensive in the jungle region of Upper Huallaga, in the northern part of the country, where a force of about 100 Shining Path members attacked and took over the Nuevo Progreso settlement for several hours last weekend.

After a 12-hour armed clash, four policemen, one civilian, and 15 Shining Path members were killed, while dozens were wounded.

Fujimori Comments for Argentine Paper on Various Issues

PY1207011095 Buenos Aires LA NACION in Spanish 9 Jul 95 Sunday Magazine p 10-15

[Interview with President Alberto Fujimori by Alejandro Margulis at Government House in Lima, "a few days before deciding to visit Argentina"]

[FBIS Translated Excerpt] [Passage omitted] [Margulis] Is there much corruption in Peru?

[Fujimori] Nooo..., not very much.

[Margulis] But, what sort of crimes? Embezzlement, payoffs, bribes?

[Fujimori] There may be some bribing of officials, for example, but I believe cases are now very rare. It is not commonplace, it is very isolated. It occurs as it can occur anywhere. There is also corruption in drug trafficking, but not with the infiltration that could be imagined due to the large movement of money.

[Margulis] Of course, Peru is an important link in drug trafficking...

[Fujimori] Not just a link, there is also production: From coca leaves and their derivatives through to basic cocaine paste.

[Margulis] Does this cause the government a nasty headache?

[Fujimori] Yes... But, having already nearly defeated the two terrorist groups, Shining Path and Tupac Amaru, we are now concentrating on the fight against drug trafficking. That is now the enemy.

[Margulis] Have the terrorist groups been completely defeated?

[Fujimori] The fight against terrorist violence continues in order to defeat it completely... But, with trafficking we have an interesting challenge in which there will be a certain degree of progress: I say a certain degree of progress because we will not be able to eradicate it totally. (He lowers his voice even more as if to tell a secret) We have an undesirable flow of nearly $1 billion in drug dollars.

[Margulis] How much does Peru's GDP amount to?

[Fujimori] Let us talk more about exports because it is through export that obtain our foreign currency. Of

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the $4 billion we obtain, $1 billion comes from drug trafficking: 25 percent.

[Margulis] Quite a paradox, no? Because that money moves within the country.

[Fujimori] In negative terms. That abundance of dollars holds the exchange rate down, thus the pro-export policy that one wishes to implement is limited. Exporters do not have the competition they should have. In other countries competition is greater. Luckily, in Peru, the flow only amounts to $1 billion which, in successive processes in the United States, probably increases to $50 billion. For the scale of our economy it is undoubtedly a considerable amount. In Peru drugs are second on the export list after mining products.

[Margulis] Can international drug trafficking make or break governments in Latin America?

[Fujimori] No, not to that extreme. But, it can infiltrate and corrupt some state branches.

[Margulis] How are your relations with your wife?

[Fujimori] We are separated (with a serious tone of voice as before). Since she left the Government House we have not seen each other, we have not spoken face to face... other than the words that she addressed me through the press... including her epithets...

[Margulis] Your expression changed when I asked you. Does the topic bother you? Would you prefer not to talk about this?

[Fujimori] No, no. I am indifferent to it. (He laughs but without happiness). You can ask me anything...

[Margulis] Well, at the moment of the separation, when the marriage links were being dissolved, she made very severe charges against your government. Especially with regard to the sale of school uniforms donated by Japan. The charges were never cleared up. What would you say now?

[Fujimori] I would repeat what I said at the time. I believe that for the first time this type of donation of clothes, which was not really made by Japan but by private organizations, has reached the people. First there were some 200,000, then 500,000, in 1994 there were nearly a million, and this year we hope to receive about 1.5 million. [passage omitted]

[Margulis] You won with more than 60 percent of the vote. Do the people care about the charges? Do they prefer corruption to the lack of stability?

[Fujimori] No. Everywhere in the world the people want governments to eradicate corruption before doing anything else, because it evidently brings stability and welfare. Here the people preferred an honest government that would continue with its task: The honest government was represented by President Fujimori. My wife's charges were totally unfounded. They lost credibility and apparently the people thought they served to taint the candidate.

[Margulis] As part of the campaign?

[Fujimori] As part of a campaign that would give her more opportunities. Corruption is not accepted here. Charges can be made by common citizen up to the president of the republic, that is if there are charges. I do not accept corruption in this government and I punished those that committed it in the previous government. Proof of this is to be found in the fact that this is one of the few governments that has been able to extradite persons involved in corruption. The cases are well known. In times gone by, when there was a change, the slate was wiped clean. We eliminated that. Here we do not clean the slate. [passage omitted]

[Margulis] Do you believe that now, in the 1990's, there is a new type of leader which — as the opposition has stated — is characterized as neo—conservative, heartless about social problems, and cold in his form of government, yet economically efficient? Do you understand me?

[Fujimori] Perfectly. I do not wish to comment on other Latin American presidents, but I have the impression that there are many coincidences. The people now want solutions to their problems. They do not want political-ideological speeches. It is due to these aspirations that persons emerge and become the leaders of that line of opinion and act pragmatically. This government, the Peruvian Government, is a pragmatic government that seeks to resolve problems that have been postponed for a long time...

[Margulis] I heard a remark that made an impression on me. It was said to me by a man in the cathedral while showing me a bust of Saint Juan Macias, the last priest to be canonized and the patron saint of Peruvian bakers: "We need many more like him to produce more loaves. There are hungry children in Peru..." What do you think?

[Fujimori] The level of extreme poverty was very high here. We have reduced it by 5 percent. That is not an official figure, it was produced by a private organization, and one of its members belongs to an opposition party. There is poverty, but it is being fought. The situation improves when water, sewerage, and electricity services are provided and roads are improved...

[Margulis] How were you able to break up Shining Path?

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[Fujimori] Look (he says, relaxing all of a sudden), that is Peruvian know—how [expression in English]. No one cooperated with us. Peru was abandoned by the International community when it suffered from the terrible crimes of Shining Path and the MRTA [Tupac Amaru Revolutionary Movement]. Do not forget to mention the two terrorist groups. This know-how consisted of nothing but developing an excellent intelligence system and infiltrating groups, an adequate legislation, and a quick sentence with the possibility of release...

[Margulis] Was it your idea to put Abimael Guzman, the Shining Path leader, in the cage?

[Fujimori] I personally went to tell the police commando how the presentation should be carried out, including the security measures. I did so for the psychological effect. I designed the cage. The blacksmiths worked all night until it was ready at 1000 in the morning... [passage omitted]

[Margulis] I was told that during a television program you were asked whether the bomb that exploded in the Maria Angola Hotel exactly one day before you intervened in the universities, had been planted by the government itself...

[Fujimori] That is absolutely absurd. I was never asked that on television. There may still be some attacks, there may still be more attacks... as there are attacks all over the world, even in the United States...

[Margulis] The logic of that assumption points to the fact that the government needed an excuse to implement certain measures...

[Fujimori] Nooo. Here there is no reason to carry out such actions. Everyone knows that in that type of thing this government is inflexible. If there are risks in the universities, then one intervenes in the universities.

[Margulis] Why did you close down .Congress during your previous government? [Fujimori] For everything that I have already explained. Congress and the judicial branch were inefficient and allowed terrorism to grow. The results explain why I closed them down. I closed them down to defeat terrorism. And, now you see a pacified country.

[Margulis] The last question. Would you make a self-criticism? If so, what?

[Fujimori] I always ask to be criticized. Tell me something that can be criticized. I would not make a self-criticism on the measures that I have taken from an economic viewpoint. Neither would I do so because of this government program. Undoubtedly there are setbacks, some goals have not been achieved, but on balance... the people take it as positive. What better proof than the election? [passage omitted]

Fujimori Criticizes Amnesty Report on Political Prisoners

PY1107210095 Madrid EFE in Spanish 0325 GMT 11 Jul 95

[FBIS Translated Text] Lima, 10 Jul (EFE) — Peruvian President Alberto Fujimori today criticized the humanitarian Amnesty International (AI) for describing active members of the Shining Path terrorist gang as political prisoners.

Speaking to a graduating class of Army officers, Fujimori said:."Those who have not lived through, and have not personally suffered the effects of this war — like those in Amnesty International — cannot describe the imprisoned terrorists as political prisoners."

The Peruvian president added that those imprisoned for planting bombs — like on Tarata Street in the Lima district of Miraflores in July 1992, and the same year in Villa El Salvador, and then in the U.S. city of Oklahoma — "which kill dozens of innocent people, cannot be considered political prisoners."

Fujimori said: "Some people apparently believe that when a terrorist says he has an ideology, he no longer can be considered a murderer." He considered it "strange logic" that this policy is generally implemented in underdeveloped nations.

In its annual report on human rights in Peru, which was released last week, "AI" described as political prisoners some 4,000 Shining Path members held in Peruvian prisons for murdering and perpetrating armed attacks, some with explosives, against the civilian population and members of the security forces.

Luis Gonzales, President of the Peruvian section of Amnesty International, explained that for this organization "crimes by terrorists, even when they are of a criminal nature, are considered political because they have political motivation."

Several Peruvian organizations that defend human rights rejected the position adopted by "AI."

Venezuela

Justifies Suspension of Guarantees in Conflict Zone

PA1107031495 Caracas EL GLOBO in Spanish 8 Jul 95 p 2

[Report by Judith Martorelli]

[FBIS Translated Text] "The suspension of constitutional guarantees at border municipalities characterized

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as theater of conflict and theater of operations "allows the Armed Forces" to fight and repel any attack that may take place in those zones during incursions by guerrillas from other countries."

Defense Minister Moises Orozco Graterol made that statement regarding the president's decision to maintain the suspension of constitutional guarantees in several autonomous municipalities in the states of Zulia, Apure, Tachira and Amazonas.

One must remember that in a theater of operations, the conflict is resolved with weapons. The president of the Republic decreed this area a war camp at a Council of Ministers shortly after 27 February, when rebels identified as ELN [Army of National Liberation] attacked a border military post in Cararabo, Apure State.

We will not tolerate their activities in that region, Orozco Graterol said.

Defense Minister Orozco made these statements during the graduation ceremony of 149 officers at the Military Academy in Fuerte Tiuna, attended by President Rafael Caldera.

Asked if the suspension of guarantees could lead to abuses by the Armed Forces, Orozco Graterol replied: Absolutely not, we always respect the rules. The suspension of guarantees is a dissuasive factor, in some way, and gives freedom to act as soon as possible once a situation arises.

Finance Minister Comments on Anti-Inflation Pact

PA1107222395 Caracas Venevision Television Network in Spanish 1000 GMT 10 Jul 95

[Interview with Venezuelan Finance Minister Luis Raul Matos Azocar by host Unai Amenabar; place and date not given; from the "24 Hours" program — live or recorded]

[FBIS Translated Text] [Amenabar] We are speaking with Finance Minister Luis Raul Matos Azocar. We wanted to begin this interview by asking specifically about the information that made headlines this past weekend after the presentation of what has been called the Matos II Program. Would you explain the basic aspects of the program? It has been widely criticized, particularly because it did not really address gasoline price increases or the new price of the dollar and because it established or reintroduced the tax on financial transactions and the sales tax. What are the basic points of this new economic program?

[Matos] Following the signing of the commitment for the anti-inflation pact, the government had to present an economic program around which the sectors represented in the commitment could begin working to achieve the inflation goals that were set or pre-set throughout the year. We complied with that commitment. The Finance Ministry had to present two aspects: One was to coordinate the presentation of the program to the Economic Cabinet for its review and approval and for subsequent submission to the anti-inflationary pact members. The other was the presentation of the timetable for reducing the fiscal deficit. There are two points here, the first of which is the commission members' reaction. It is not up to me to disclose all the suggestions, but I can tell you they were well taken. They said they had a plan, a program. I believe the plan has always existed, but here they said so explicitly. Just to give you an example, the representative of the Venezuelan Workers Confederation asked if there was a contingency plan in case certain things did not work out. I think this is a very important element that should be introduced into the way Venezuelans think. Today, everywhere in the world, countries and big enterprises present programs and outline their main direction but in a flexible manner, because the world is changing very quickly. Today we need great flexibility to adjust to these outside changes. That is what is prevailing as a concept, both in the enterprises and in the countries.

[Amenabar] This flexibility is often described as incoherent. Is it coherent if the course is being changed constantly?

[Matos] No. I believe — and this is an important aspect — here we presented what we consider to be the map showing where we want to go and what we want. The real question is: What is the final goal? Our goal for Venezuela — which right now is completely misadjusted economically, financially, socially, and institutionally — at least in our area, the economy, is to have by the end of this period an economic system that lays the groundwork for a truly interconnected system.

One of the structural characteristics of our economy is that on one side we have basic enterprises, and at the other extreme is a series of assembly plants or plants that produce a variety of products with a great void in the middle. One aspect of the economic program that focuses on the productive apparatus is the start-up of interrelated enterprises with this space taken up by the private economy. This is important. The other aspect is that it be competitive and that it take place in a cooperative atmosphere. What do we call a cooperative atmosphere? Shattering the myth that you are either state or neo-liberal, and workers and entrepreneurs cooperate because these days the enterprise is no longer seen as a permanent antagonistic center. That was, more or less, one of the proposals.

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The other proposal was that we not use shock [preceding word in English] measures because we want these changes to take place in a calm atmosphere. Debate and conflict are not centered in the program's content. Many people are extremely disappointed because I did not say at the meeting that I was going to devalue the currency or increase gasoline prices. I remember that Father Aguirre, president of the Economic Academy Council [Consejo de la Academia Economica], said: How can the pact have credibility if on the first day at the table it is agreed to devalue the currency, which always causes inflation because it implies accelerated price hikes, and to increase gasoline prices at the same time, which means we would be planting two bombs in the country's social situation?

To put it simply, I believe we must define the rules of the game. If a pact is not going to work sincerely, it is better not to have one. If it is going to work under the old scheme of let's sit here to see how we can take advantage of another factor and make the cost of overcoming the crisis be borne by those not at the table, which is the majority of the people, then it is best that it not work.

[Amenabar] Do you believe the pact will work despite all the extensions and conditions?

[Matos] I believe we have an understanding for a negotiation process of this kind. A complex negotiation process like this encounters difficulties, but we have seen that the participants are willing to sit down at the table in a country the outstanding characteristic of which is not exactly negotiation. This is a learning process, and we felt there was a positive atmosphere at the meeting. Even Fedecamaras [Venezuelan Federation of Associations and Chambers of Commerce and Industry] participated. You heard the statements. We are now going to make an analysis of the technical content of the document, but here is the government's proposal. What is the in-depth problem? We are going to talk about two things: devaluation or an increase in fuel prices. First, let us talk about devaluation. In no country in the world would the finance minister announce whether he is going to devalue or not.

I have an anecdote. A journalist mentioned it last Sunday. When questioned by a parliamentary commission, a British finance minister told them there would be no devaluation. He left and promptly ordered a devaluation. He was questioned again and chastized, and he answered: The country comes before the queen and you.

If I, as finance minister, announced a devaluation, can you imagine what would happen over the weekend? There would be price increases all over the place, and the price would be paid by people who were unprepared because they did not have dollars. There is a simple problem behind all this. Who is paying the costs of overcoming the crisis? Why should we devalue? We allegedly have to devalue to resolve the fiscal deficit problem. That is one of the points. A devaluation is a tax imposed on those who have to take medicine. It is a tax we impose on those who must import machinery and spare parts for their small shops. That is the reality. Who benefits from a devaluation? Those who have dollars abroad, because he would immediately have more cash and would be able to buy companies here at lower costs. The government will not order a devaluation for that reason.

[Amenabar] We are going to talk about the increase in gasoline prices, but first we are going to talk about nontraditional exports and the importance of maintaining the current exchange rate.

[Matos] I would also like to point out that we are not going to devalue our currency strictly for fiscal reasons. We believe there are other financial sources. Tax evasion in this country is estimated at some 600 billion [currency not specified]. The Seniat [Integrated Tax Administration System] has proven that it can catch tax evaders. In the past, devaluations generated revenues, but that is not the case now. We do not believe that is the solution. Since we do not have an inflexible position that the exchange rate cannot be changed, we have pointed out in the anti-inflation pact that we are going to observe certain indicators. For example, one of the reasons the United States or Germany devalue their currency is to maintain the competitiveness of their companies. In this regard, we have said: Let's observe the behavior of our exports. Here is an illustration of how the country's exports have behaved over the last few years. I do not know if you can see it because it is very small. The tendency is to maintain a growth rate. There are others who argue that there has been a drop in domestic production capacity.

Here is another very interesting point: Most of our exports are to Colombia and Brazil, which are opening great markets for us. OAS Secretary General Gaviria recently said that despite the opening, the countries were not able to penetrate the U.S. market. That is because it is a more sophisticated and complex market, which does not respond exclusively to price but considers quality of service — an entire system for which our productive apparatus is unprepared. That is why it is easier to sell to Colombia, Brazil, and other countries. Venezuelan exports have penetrated all of Latin America. This is an important consideration. In Japan, for example, you can drop the tariffs, devalue, do whatever you like, but you cannot sell them your products because the Japanese mentality gives priority to Japanese products. In the

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pact we have said very frankly: Gentlemen, let's look at export behavior.

If we begin to lose market because the exchange rate is exaggeratedly overvalued, we can immediately introduce corrective measures. But also the fact that the pact has worked out, that the population feels the benefits of this pact, that inflation has dropped... [pauses] A very important element is that last month inflation dropped. I have the table here somewhere. Last month there was a 2-percent drop in inflation, after it rose 4 percent in the preceding month.

If all these mechanisms work, the population regains credibility and we will be able to implement the adjustments we have included in the economic program. As part of this program, we will emphasize infrastructure construction so as to generate employment and improve family income. At that time, we can sit down and reevaluate our exchange rate situation. [words indistinct] would be for us to break the pact immediately and end the support we have in the country now.

[Amenabar] There is another element, that is the price of the Brady bonds, the dollar value set by the sale of Brady bonds. It began this year at 246 bolivares per dollar and it closed Friday at 239 bolivares per dollar. That is a 7-bolivares reduction per dollar. What does this tell you?

[Matos] I have always said that the Brady bonds issue is very insignificant, because we are talking about $30 to $40 million, which is what is being sold now at the Stock Exchange. This has even been pointed out by the Stock Exchange president, who said this is not an indicator of the real relationship regarding the official exchange rate. But the fact that the price of Brady bonds is declining is an important signal. This will depend on whether this reference price would go up if in the future there are no Brady bonds at the Stock Exchange. However, it is not an indicator of the relationship between the exchange rate and what the real exchange rate may be.

Some economists apply the so-called MacDonald's method, namely the method involving purchasing power parity. But there are many professionals who have pointed out the deficiencies of that method when applied to developing countries.

I think that what we must do — this is the proposal we made in the pact — is be very pragmatic, observe the behavior of exports, observe if there is an exaggerated growth in imports, observe if there is a downward trend in our reserves. With these indicators at hand, we must sit down and talk about the exchange rate. But I believe we cannot order a devaluation without a concrete plan, just to please speculators.

Speculation is not an exclusive phenomenon of Venezuela. In all world countries with a similar system, there is a great deal of speculative pressure. This is the case in Venezuela. Some Venezuelans have $60 billion abroad. For them, a devaluation means they will become richer. This is the core of the problem. That is why the government, which considers that economic policy must be connected to a process that includes social considerations, has said that for now there will not be a devaluation. It will only be made after different conditions exist.

[Amenabar] We have several questions from our viewers. One of them says: Explain how an unemployed 60-year-old Venezuelan, who in January 1995 earned 150,000 bolivares in interest from his savings deposited at the bank, can survive if he no longer has this money [words indistinct] interest rates? Other people from Carrizal said that in this country, some people believe the solution to all problems is to increase gasoline prices and devalue the bolivar. Those who feel this way surely do not ride on buses or go to the market or drugstore. If gasoline prices go up, everything goes up accordingly.

[Matos] Allow me to answer the question on the issue of gasoline. I wonder... [pauses] if you don't come up with a problem that includes a gasoline price increase, you will not have any credibility in the eyes of foreigners. This week or next, I will sit down with great world economic players and I will tell them: Venezuela is a country that has approved the opening up of oil with the vast support of Congress, which was a great taboo. It is a country that is ready to privatize banks — We have received offers to privatize Banco Consolidado and Banco Venezuela. I will shortly authorize the beginning of the privatization of Banco Consolidado. A country that will privatize aluminum companies in the next few days.

Thanks to the oil opening, PDVSA [Venezuelan Petroleum Inc.] has over 200 companies. I asked them to publish the list to dispel the myth there is no interest in investing in Venezuela. There are over 200 companies queuing up to begin their investment programs. A country that takes that step.... [pauses] Then you are solely going to assess me based on the fact that I do not raise the price of gasoline, which generates a tax revenue of only 47.5 billion bolivares and does not hurt PDVSA in terms of the guarantee of its future performance, regardless of whether or not we agree the price of gasoline is below the price of water, etc. As a union leader said during a meeting a few days ago, do not lower the price of water. [laughes]

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We cannot let ourselves be painted into a corner; moreover, people should not accept this. It is not that this is a taboo area that cannot be touched. However, the president does feel that we have to take social and political conditions into account, even if some economists do not agree.

[Amenabar] The problem is that often, and this is something this government has been accused of, a minister says something abroad — perhaps the foreign minister in London tells businessmen something — but that is not what we are hearing in Venezuela, and so it would seem we are hearing two things. Abroad, officials are saying that the price of gasoline will go up and seem rather accommodating with the demand by international organizations, whereas in Venezuela they are trying to accommodate people like this one who are saying the price will go up...

[Matos, interrupting] That is correct, Unai, because perhaps Venezuela is one of those countries that an excellent researcher described as having an illusion of harmony. Indeed, when we are holding talks it is real easy for one to please everybody, to agree with you and try to please you. So, we reached a pact, we made a commitment, but when we got down to specifics, the hard stuff, the pact broke down; relations broke down. I prefer that things be sincere from the start. In this respect, I am not going to deny it, and I did not come here to deny it because that is not my custom: there are people in the government who make statements before a decision is made.

Right now, the economic cabinet approved an economic package, and the people of the anti-inflation commission have received that package; henceforth, the views expressed about it will be coherent.

Roundup of Venezuelan Economic Developments

PA1107190995

[FBIS Editorial Report] The following is a compilation of reports on Venezuelan economic developments monitored through 11 July.

According to Siex [Foreign Investments Authority] statistics, Venezuela accumulated a total of $196,354,464.00 in foreign investments during the first semester of 1995, a 17 percent increase compared to the same period in 1994. The Virgin Islands led in foreign investors with $60.546 million. (Caracas EL NACIONAL in Spanish 7 Jul 95 p E-2)

According to the Analysis and Research Department of REPORTE DIARIO DE LA ECONOMIA, the Anti-Inflation Agreement appears to be yielding results. The inflation rate for June is reported to have declined 2.2 percent, ending at 2.7 percent. Real interest rates declined in June 1995, compared to previous months. The real interest rate in June was reported at -38.16 percent. (Caracas REPORTE DIARIO DE LA ECONOMIA 6 Jul 95, p 8)

Preliminary figures of a 23,000 sample home survey conducted by the Central Statics and Data Processing Office (Ocei) reveal that national open unemployment was 11 percent (941,562 people unemployed) in the first semester 1995, a 2.5 percent increase over the second semester in 1994. Seventeen percent (1,297,833 workers) of the total labor force currently employed work in the public sector and 83 percent (6,620,258 workers) in the private sector. Unemployment among men is reported at 9.8 percent and 13.4 percent among women. (Caracas ECONOMIA HOY in Spanish 8 Jul 95, p 10)

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